



# ***Daily Report***

## **LAST ISSUE**

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## **LAST ISSUE**

# **China**

FBIS-CHI-96-147  
Tuesday  
30 July 1996

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# Daily Report

## China

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## General

### PRC: Report on Interview With Disarmament Envoy in Geneva

OW2907134196 Tokyo KYODO in English  
1321 GMT 29 Jul 96

[FBIS Transcribed Text] Geneva, July 29 KYODO — China wants further negotiations on the checking-up methods of a proposed Comprehensive Nuclear Test Ban Treaty (CTBT) but is prepared to be flexible, Chinese Disarmament Ambassador Sha Zukang said Monday.

"Our positions are the same, but we are prepared to be flexible," said Sha, China's top negotiator at the U.N.-sponsored CTBT talks in Geneva, in an interview with KYODO news.

Negotiators from 61 countries were set to resume talks later in the day over a treaty draft, proposed June 28 by Dutch diplomat Jaap Ramaker who chairs the CTBT negotiations.

Ramaker had asked the CTBT negotiators to obtain their governments' approval for the much compromised draft to ensure its submission to the U.N. General Assembly when it convenes for its 51st session in September.

While the other nuclear powers — Britain, France, Russia and the United States — have expressed support for the Ramaker draft, China has so far withheld endorsement.

Beijing has balked at measures to verify compliance with the test ban. It is demanding that the voting procedure for on-site inspections should require a two-thirds majority by the board of directors of the future CTBT organization instead of the simple majority proposed.

Sha reiterated that China will not accept the draft "as it is." He noted that the section on on-site monitoring was China's "biggest" point of discontent with the Ramaker draft.

He indicated that Beijing would try to push through its demand for a two-third majority, saying, "that is the most reasonable stand we have ever presented."

"It is our wish that through mutual compromise we can arrive at a solution with which we can all live," Sha said.

China, the only nuclear power to continue nuclear testing, conducted its last nuclear test at its Lop Nor underground test site in the country's northwest earlier in the day. It said it would join a test moratorium Tuesday.

Sha said the test was timed to fall on the day of the reopening of CTBT talks "just to show that China is very positive about the treaty negotiations and that we want a treaty, as I said, before September."

As for the treaty's entry into force, Sha said China found that the Ramaker draft "is not the best, but something we can live with."

The draft says the five declared nuclear powers plus the three "threshold" states of India, Israel and Pakistan, and 36 other countries that have nuclear reactors should ratify the treaty before it comes into force.

India, which has vowed to reject the draft because it does not set a timeframe for the abolition of nuclear weapons, has denounced the entry-into-force provision as an attempt to coerce its ratification of the treaty.

### PRC: XINHUA Reports PRC Statement at Opening of CTBT Talks

OW2907230896 Beijing XINHUA in English  
1834 GMT 29 Jul 96

[FBIS Transcribed Text] Geneva, July 29 (XINHUA) — Talks on a comprehensive treaty banning nuclear testing reopened here today with non-aligned countries and China calling for further negotiations to sort out some key outstanding issues.

The talks resumed after negotiators came back from one month of study at capitals of a draft treaty text proposed by the Dutch chairman of the negotiations, Jaap Ramaker, at the end of the last negotiating session in June.

Diplomats emerging from the closed-door session today said India had declared that it would block consensus on a treaty unless it dropped the requirement for India, Pakistan and Israel — the three so-called nuclear "threshold states" — to sign and ratify the pact before it could go into force.

A veto from India would mean that the treaty could not be forwarded to the UN General Assembly for signing.

According to diplomats, Cuba, Iran, Pakistan and Egypt of the non-aligned group also asked for further negotiations to address their concerns.

They demanded that the preamble of the treaty lay more emphasis on nuclear disarmament and more restrictions be introduced to prevent abuse of the so-called national technical means to trigger on-site inspections in case of a possible treaty violation.

China, who announced a moratorium on nuclear testing today, also sought further negotiations on the trigger mechanism of on-site inspections.



In a statement read to the meeting this afternoon, Chinese disarmament ambassador Sha Zukang said that with regard to on-site inspections, the current draft treaty had not been able to reflect the reasonable demands of some countries including China.

"Only after the outstanding issues including the trigger mechanism of on-site inspections is resolved by consensus, can the negotiations be concluded," he said.

The United States, Russia, Britain, France and a number of other countries declared that they could accept the current draft treaty as it stood.

Ramaker told a news conference after the meeting that he would conduct consultations with the delegations to try to break the apparent deadlock.

He said he was still hopeful that a treaty could be submitted to the UN General Assembly. But in order to achieve this goal, negotiations should be concluded within the next one or two weeks.

#### **PRC: Editorial Expounds Stand on Nuclear Tests, Disarmament**

*HK3007073796 Hong Kong WEN WEI PO in Chinese 30 Jul 96 p A2*

[Editorial: "China's Practical Action in Promoting Nuclear Disarmament"]

[PTS Translated Text for FBIS] In a statement released yesterday, the Chinese Government announced that China had successfully conducted a nuclear test and that China would start a moratorium on nuclear testing effective from 30 July 1996. Such an important decision by China is not only a response to the appeal of non-nuclear weapon states but also a practical action to promote nuclear disarmament.

Some major nuclear powers have conducted innumerable nuclear tests and mastered the computer simulated nuclear test technology. They have tested quite enough. On the one hand, they demand that no country should engage in nuclear testing; on the other hand, they are unwilling to guarantee the destruction of nuclear weapons or undertake not to be the first to use nuclear weapons. To put it bluntly, they want to engage in nuclear monopoly.

China has carried out very few nuclear explosions. The limited number of nuclear tests conducted by China is totally aimed at breaking nuclear monopoly and at self-defense. Now, China's willingness to start a moratorium on nuclear testing is for the sake of the overall interest of a nuclear ban and in complying with the appeal of the vast number of non-nuclear states. However, it is not sufficient to strive for a

suspension in nuclear testing because what the people of the world want is the elimination of a nuclear war threat and nuclear blackmail. China fully understands the demand of the people around the world. And China itself also has such a demand. It strongly hopes for a speedy elimination of a nuclear war threat and nuclear blackmail. China has been subjected to blockades and to threats of war, including that of nuclear war, at the hand of nuclear powers. For the sake of national survival and economic development, China was left with no other alternative but to study and develop nuclear arms technology and own a small quantity of nuclear weapons. China's possession of nuclear weapons is precisely aimed at ultimately destroying nuclear weapons. Otherwise, China will not be able to defend itself, ensure sovereignty and territorial integrity, break nuclear monopoly, or have a say in opposing nuclear weapons.

China has been open and aboveboard, declaring long ago that at no time and under no circumstances will it be the first to use nuclear weapons. China has also undertaken not to use or threaten to use nuclear weapons against non-nuclear states or nuclear weapon-free zones. China is the only nuclear weapon state in the world that has done so. This is not the case with other nuclear powers, which have not made such commitments after stalling for a long time and which are still deploying nuclear weapons outside their borders. The Chinese Government made a five-point call to nuclear weapon states yesterday: Major nuclear weapon states should take the practical action of committing themselves not to threaten to use nuclear weapons, not to deploy nuclear weapons outside their borders, not to develop and deploy space weapon systems, and to thoroughly destroy nuclear weapons. The calls of the Chinese Government, which are fair and reasonable and represent a just voice, deserve a positive response.

#### **PRC: Daily Details 'Large Scale' Nuclear Capacity**

*HK3007081096 Hong Kong SING TAO JIH PAO in Chinese 30 Jul 96 p A2*

["Special article" by reporter Yin Yen (1438 1484): "China Owns 300 Nuclear Warheads, Destruction of United States Is Not a Cock-and-Bull Story"]

[PTS Translated Text for FBIS] Since the successful explosion of its first A-bomb in October 1964, China has conducted a total of 45 nuclear tests. Although China's nuclear tests and research quality and level of the tests are no match to those of the United States and Russia, it has become a rising new nuclear power.

In recent years, China has not suspended or reduced its nuclear tests following the end of the Cold War

and the purpose is apparently to step up research and improvement of the quality of its nuclear weapons before the signing of the agreement on global nuclear test ban and narrow its gap with the Western nuclear powers. China understands that without sound economic strength and advanced nuclear weapons, it will be difficult to match its title as a big power.

Reportedly, China's current nuclear development level and the amount of its nuclear weapons are far less from those of the United States and Russia, but it has taken a big step forward in exercising control over the use of its strategic and tactical nuclear weapons. China acquired nuclear weapons 19 years later than the United States, 15 years later than the former Soviet Union, 12 years later than Britain, and 4 years later than France. Of the 2,000-plus nuclear tests conducted worldwide after World War II, over 80 percent were conducted in the United States (more than 900 explosions) and the former Soviet Union (over 600 explosions). This is also the reason why China speaks plausibly and volubly every time it conducts nuclear tests and declares that it has exercised great restraint and conducted the limited number of tests.

Thanks to years of development, China has established a large scale naval-ground-air nuclear force. Information shows that China now has around 300 nuclear warheads, which are loaded on medium and short range ballistic missiles and intercontinental missiles within a firing range of over 13,000 km. China's Hong-6 bombers and "Xia" nuclear-driven submarines are also loaded with nuclear bombs. In terms of nuclear power, a Beijing expert said, the United States can destroy China 16 times while China can destroy the United States once. There is no actual difference between them.

Of the 45 nuclear tests conducted by China so far, besides the underground tests, China earlier had conducted tests in the atmosphere or on towers and by dropping from aircrafts. After China announced that it would give up nuclear testing in the atmosphere in March 1986, all the nuclear tests have been conducted underground in Xinjiang's Lop Nor nuclear base. Viewed from China's nuclear testing of thousands of tonnes to 4 million tonnes of TNT, China can produce all sorts of nuclear weapons of at least five different capacities and specifications.

Nuclear tests do not conform to the global trend, which is calling for a nuclear ban. China continued to conduct nuclear tests under enormous pressure of the international community, which is actually an indication of an enhancement of its national strength. Yesterday China declared that it would suspend nuclear testing, but did not announce a deadline, still less did it acknowledge

that it would permanently suspend nuclear testing. If the situation requires in the future, China may resume its nuclear tests just like France which resumed its nuclear tests in the south Pacific Ocean.

The country most upset by China's nuclear test is definitely Japan, which suffered a lot from a nuclear disaster and which intends to become a big power in the world. Of the Western economic powers, Japan is the only one which does not have nuclear weapons. Although China, which is one of the nuclear powers, has admitted that it would not be the first to use nuclear weapons and would not threaten to use nuclear weapons against nonnuclear countries and regions, under the current political reality, it will be impossible for Japan to get rid of its fear and become a military power.

### United States & Canada

#### PRC: XINHUA Reports U.S. 'Welcomes' Nuclear Testing Moratorium

OW2907231396 Beijing XINHUA in English  
2145 GMT 29 Jul 96

[FBIS Transcribed Text] Washington, July 29 (XINHUA) — The United States today welcomes China's announcement on a moratorium on nuclear testing, which goes effective July 30, 1996.

A written statement issued by the White House Press Secretary says that with the five declared nuclear weapons states now publicly committed to a global moratorium on nuclear testing, "the urgent and historic task before the international community is to move swiftly to complete and sign a Comprehensive Test Ban Treaty (CTBT)."

It also says that the United States will support "without change" the CTBT proposed by the Chairman of the negotiating committee last June at the Conference on Disarmament in Geneva, which reconvened today.

In response to a related question from XINHUA, the Press Office of the Department of State also expressed its welcome to China's announcement on the nuclear testing moratorium.

#### PRC: U.S. Media Viewed as Anti-China

96CM0446A Beijing ZHONGGUO JIZHE [THE CHINESE JOURNALIST] in Chinese 15 May 96  
No 5, pp 19-21

[Report on interview with Liu Kang (0491 1660), a visiting Chinese scholar in the United States, by Li Xiguang (2621 1585 0342), a visiting Chinese journalist in the United States, in early December 1995 at the home of Liu Kang in the Appalachian Mountains in the

eastern United States: "A Look at the Coverage of China by the Mainstream U.S. Media"]

[FBIS Translated Text] *Introduction to the participants:*

**Liu Kang.** *Wisconsin University, comparative literature PhD, currently Penn State University, East Asia Studies Center researcher and Chinese Department director, who has published Chinese and foreign literary works such as Marxist Aesthetics and Contemporary U.S. Literary Change, China's Modern Literary Language and Political Awareness, Thoughts on Contemporary Chinese Cultural Thought Trends, Global "Perversity" and Modern "Wrong Roads," and the Noisy Dialogue.*

**Li Xiguang.** *XINHUASHE [NEW CHINA NEWS AGENCY] Foreign Affairs Department director and reporter, and visiting journalist at the WASHINGTON POST in 1995.*

*Dialogue time and location:*

*After a snowstorm in early December 1995, at the home of Liu Kang in the Appalachian Mountains in the eastern United States.*

**Li Xiguang:** Why did you change from your early study of pure literature to that of Chinese politics and society?

**Liu Kang:** In recent years, as I have taken part in various academic conferences in the United States, reading the publications and newspapers published here, I have found that U.S. intellectual, academic, and media circles are full of bias and even hostility toward China's social, political, and economic developments of recent years. So as a Chinese with some influence in the U.S. academic world, I have to stand forth boldly at this time, speaking up for the Chinese.

Since the 1990s, China's economic modernization has been rapid, with markets and commodities having laid irreversible grounds for the conversion of China's mode of production. But the economic development of the 1990s has had an extremely complex impact on Chinese politics, ideology, and culture. So I hold that: "In the 1990s, Chinese intellectuals ought to free themselves from the spiritual limits of 'custom' and 'utility,' liberate themselves from 'modern' Western speech and thought patterns, and acquire a new understanding of 'modern' nationalism and nativism, to form a genuinely humane spirit and rebuild their 'academic lineage' and 'ethical traditions' with Chinese culture."

#### **I. The Mainstream U.S. Media: Cold War and Bias**

**Li Xiguang:** At the end of 1995, an issue of the British *ECONOMIST* carried a picture of Chinese people practicing Tai Chi Chuan, with the caption which read

"Nouveau Riche Chinese Exposing Their Diabolical Warlike Instincts." That is just one of the numerous press reports vilifying the Chinese people that have been published by the Western press since 1995.

**Liu Kang:** On the day when Chairman Jiang Zemin met with Clinton in New York in November 1995, ABC's 1830 primetime headline news carried a three minute report on China, which was extremely rare. The announcer specially warned viewers in advance that "the following news contains scenes of terror." The scene showed seven or eight Chinese capital criminals, bound, gagged, and carrying signs on their backs, being paraded through the streets under escort to the execution ground; eventually public security officers took aim and fired their guns, blood flowed, and an additional shot was fired into one who was not yet dead. While showing this news, much use was made of adjectives such as "bestial" and "Middle Ages" to vilify the Chinese. ABC deliberately chose to show these pictures in prime viewing time on the day when the leaders of China and the United States were meeting; this surely was aimed at undermining China-U.S. relations and vilifying Chinese, in an attempt to portray China as an enemy.

In today's Western, particularly U.S., cultural media studies, the dominant theoretical system has an unconcealed bias against communist ideology. Western research in modern Chinese literature focuses on the study of the political implications of literature and the mass media, rarely noting that communist ideology is also a cultural system.

**Li Xiguang:** The coverage of China in the mainstream U.S. media is built on a Cold War ideology, which is growing ever more rampant, with increasingly evil influences in opposition to foreigners, social progress, and social justice. But the U.S. press seldom covers Singapore's economic development and social progress, as nationalism is very strong there, with respect for Oriental Buddhist and Confucian culture, and the use of the Chinese language.

Due to political bias, the current U.S. public view of China is negative. As to those who play an influential role in U.S. public opinion, in addition to major media such as *THE NEW YORK TIMES* and *THE WASHINGTON POST*, professors who lecture at universities, particularly a handful of college professors and researchers who are extremely hostile to the Chinese people and are self-styled "China experts," are controlling the U.S. media, even to the point of playing a decisive role in the U.S. Congress. Such people act in the guise of academia to attack the Chinese Government, Chinese society, and Chinese cultural traditions, vilifying insulting, and slandering the Chinese people. In



recent years, every time an anti-China tide rises in the U.S. Congress and media, it is due to that group of people.

**Liu Kang:** From a detailed analysis of the articles and publications on China in current U.S. intellectual, academic, political, and media circles, I hold that the U.S. media is making a major anti-China cause of mainly the four issues of human rights, the theory that China is a threat, China-U.S. trade differences, and Taiwan.

Human rights is an ideological matter. The whole of U.S. culture is now built on a Cold War mentality, in that the U.S. media wantonly preaches the so-called "confrontation between free nations and dictatorial regimes and the antagonism between capitalism and communism." Since the end of the Cold War, due to the drastic change in Eastern Europe and the Soviet Union, the next U.S. target to collapse has become China. The U.S. media is daily using the media, the Congress, and college lectures, in a desperate attempt to indoctrinate the U.S. public with the fixed image that China is totalitarian, despotic, antihuman rights, and the last communist country so that, since the Soviet Union has collapsed, China ought to be next. The U.S. mainstream media and Congressional politicians all say openly that if China-U.S. relations are to change fundamentally, China's present regime will have to be overthrown, to change China's system of government.

As for the "doctrine that China is a threat," U.S. academics, specialists, and the CIA are cooking up many astronomical figures, spreading them widely through the U.S. media, which is wantonly fabricating false news to frighten the countries around China, in an attempt to drive a wedge between China and the surrounding countries with which it has friendly relations. For instance, it has started a rumor that China is desperately developing and selling arms, talking nonsense such as since the collapse of the Soviet Union, China is gradually replacing the Soviet Union as the threat to world peace.

As for China-U.S. trade, the U.S. press and Congress are inventing many false statistics as to China-U.S. trade, claiming that China is dumping on the U.S. market while refusing to open up its markets to the United States, which thus gives China a trade surplus with the United States. To obstruct the access of Chinese goods to the U.S. market, the U.S. media and Congress are exploiting such clowns as Harry Wu, to fabricate the myth that all Chinese exports to the United States are products of labor camps. And meanwhile, they are making a big fuss over Intellectual Property Rights [IPR], trumping up much news to smear Chinese

commerce, even describing Chinese businessmen as "pirates" and "petty thieves," and doing all possible to keep China out of the WTO, in an attempt to isolate China from the international business community.

And as for Taiwan, The U.S. mainstream media and Congress are desperately pumping up Taiwanese independence. They seem to have given their support without reservation to such a one as Li Teng-hui, the flunkey of imperialism who toadies up to all things foreign, has cast his lot with the United States, and has absolutely no national self respect [ethnic pride]. The U.S. press claims that Li Teng-hui is a world-class politician cultivated to represent the free democratic system, claiming that Taiwan is a successful model of the development of democracy on the U.S. model, so that Li Teng-hui's visit to the United States was a repayment to the U.S. for cultivating him. It claims that China's obstruction of the visit to the United States by such a figure who has such a good U.S. education and is so well liked by Americans is an act that is absolutely unacceptable to "the international community." And meanwhile, to repay U.S. media and academic circles for their support, Li Teng-hui has used the Taiwan people's blood money to set up the \$100-million Li Teng-hui Foundation at Cornell University. Li Teng-hui has used all possible opportunities to engage in large-scale "public relations" activities in U.S. journalistic, cultural, and educational circles. And Li Teng-hui's cultural "public relations" activities have been even more malicious than his economic bribery. Through his foundation's provision of research grants to U.S. universities, institutional agencies, and scholars, he has quite effectively turned the U.S. media into a "two-China" press.

## II. The Dreadful Silence About Edgar Snow

**Li Xiguang:** Not long ago, the WASHINGTON POST held in a large Washington hotel a grand ceremony for the publication of the book *China Has Awakened*, which was coauthored by two former NEW YORK TIMES reporters in Beijing, the husband and wife team of Nicholas Kristoff and Sheryl WuDunn. This team's hour long speech was full of their hearsay and even their own fabrications about all sorts of Chinese scandals, with sheer nonsense about China's current arms posing a threat to Japan, which should join with Taiwan to counter China. So when their speech was over, I went over to them and said very politely that as journalists, they should not spread such rumors on such a public occasion, particularly in a serious book. To which Kristoff retorted arrogantly: "Right, but U.S. readers like to hear such sensational stuff, and I am liable to my U.S. readers and audience."

**Liu Kang:** Not only is there no news of Edgar Snow in the United States today, but the very mention of his name is shunned like the plague by all journalists for major U.S. publications. As to China's enormous economic reform successes, no American reporter dares to write anything good or positive about China, with all of their coverage of China being at the service of U.S. politics. The U.S. press has told all sorts of lies to build a thick wall, behind which it keeps the poor U.S. public, not letting them know about China's real developments and social advances. And when it does cover China, it can report only about topics such as human rights, dissident political views, Tibetan separatism, labor camp products, Taiwan independence, and Hong Kong's freedoms. The mainstream U.S. press has never seen either Taiwan or Tibet as parts of China.

**Li Xiguang:** That is certainly the way things stand. When I was working for the WASHINGTON POST, its editor in chief, Keyes, heard that I was writing an article called "A Chinese Journalist Reads the U.S. Press," was quite interested, and suggested that when finished, I ought to submit it to his editorial director, a Ms Allen. She was also very interested in the subject, agreeing to run it the second Sunday after I submitted it. So I submitted the article to her a week in advance on a diskette but, after a week, had not had any response. And the reply that I finally did receive was that "the political position is too strong, not suited to our publication." But in the space that would have carried my article, they actually ran an anti-Chinese article by the right-wing U.S. activist, Lin P'ei-jui [2651 1014 3843]. I eventually learned that the essential problem was that my article took a critical stance toward the coverage of China in the mainstream U.S. press; such criticism of the arrogant Americans by a Chinese was absolutely forbidden.

**Liu Kang:** The U.S. media world is now living in a second age of McCarthyism, with the anti-China tide in the mainstream U.S. media now having reached the point of extreme viciousness. In detail, the U.S. superstructure's stance on China can be divided into two parts: The U.S. press, Congress, and intellectuals are in a wildly anti-China emotional state, while the U.S. business world holds that China needs to be stable, and that today's China does not pose a threat. So I hold that the "China as a threat theory" comes mainly from the U.S. press and the so-called "China experts."

The last year has seen the highest tide of anti-China sentiment in the U.S. press since 1989, which is not unrelated to the high growth of China's GNP, stronger national might, and higher living standards. Since the end of the Cold War, U.S. rightists have surfaced, with both nationalist and racial [ethnic] conflicts sharpening.

While the U.S. gap between rich and poor was 40 times in the Reagan Administration, after the bubble economy, it had reached 160 times by the time of Bush, leaving Americans very angry. And meanwhile, with the pillar of U.S. society, its middle class, sharply affected by this economic crisis and suffering the most, rightist forces, the anti-immigration wave, and domestic market decline, the U.S. public has vented some of its wrath on the attention China is getting.

**Li Xiguang:** As I understand it, those reporters in Beijing who write anti-China reports do not do so entirely of their own volition, as they are driven largely by economic factors. For instance, while WASHINGTON POST reporters earn an annual salary of \$80,000, once they are stationed abroad, they earn an additional \$400,000 a year in overseas expenses and, while stationed abroad, not a cent of their domestic U.S. wages is touched, while all of their overseas travel costs are reimbursed. So after working abroad for a few years, they can afford to live in luxury. But if they do not write anti-China articles as directed by their bosses, they are replaced by someone else who will. And in addition, as the international editions of major U.S. publications have limited space for coverage of China (such as TIME magazine that comes out four times a month, averaging only one issue a month with coverage of China), they hardly accept articles that do not report on human rights or dissident views.

The scholars and academics who take a critical stand against the anti-China stance of the U.S. media are now very weak, having nearly no influence at all. Not only does the U.S. press seldom notice them, but they are even less welcomed as witnesses at Congressional hearings. Do you believe that this state of affairs is likely to change very soon? And what might change it?

**Liu Kang:** The Americans who study China are particularly specialized, reading an exceptionally narrow range of books with a very applied nature entirely at the service of politics; thus they lack a purely academic position. As to the Americans who study China, "politics is in command" much more so than in China. Publications published in China about China are essentially absent from U.S. bookstores, while articles and books by Chinese scholars about China being treated in the United States are merely primitive data for reference by U.S. Sinologists. And as U.S. anti-China Sinologists often quote out of context, China needs to cultivate its own scholars in the United States, who will write articles for the mainstream U.S. press to influence U.S. public opinion. Among the China experts in the United States, there is a group of Chinese scholars such as myself and Wang Shaoguang [3769 4801 0342] (Yale University Political Science Professor), who have become professors or as-



sistant professors at prestigious U.S. universities in the last decade. And in perhaps another decade, a group of scholars from China will dominate U.S. Sinology research. But this group of Chinese scholars has already aroused the attention of U.S. academics and officials. For instance, the U.S. Sinologist now most hostile to China, Michael Oksenburg, wrote the U.S. Congress a letter at the end of 1995, warning the U.S. Congress to be on guard against letting the views and positions of this group of Chinese scholars influence U.S. China policy.

### III. The Hope for China: Analyzing Conditions and Reforming Coverage

**Li Xiguang:** This shows that new forces and voices have appeared in U.S. China studies, which are forcing the U.S. ruling class to start considering ways to suppress and divide that group of scholars. Americans on the one hand suppress dissenting views either overtly or covertly, while on the other doing all possible to divide Chinese scholars through means such as research projects, research grants, publishing, and sponsoring of academic forums. But despite this, I believe that you Chinese scholars will proceed from concern for the future of the Chinese nation, to adhere to our own stand.

Besides, I have found in discussions with many scholars and students studying in the United States that, while the inclination of the mainstream U.S. press to smear and isolate China and spread hatred of Chinese people throughout U.S. society is a bad thing, it is now turning out to have a good effect. It is making a large group of overseas Chinese students who have come to the United States since 1989 feel a sense of ethnic humiliation, to clearly recognize the hypocrisy of U.S. press freedom, with even those overseas Chinese students who used to worship American-style "democratic freedoms" also starting to denounce the mainstream U.S. press for its rumormongering, sheer nonsense, and racial discrimination against Chinese.

**Liu Kang:** Today's mainstream U.S. media is a very closed and exclusive cultural system which, once confronting anything offensive, will not cover it. For instance, China, with the largest population of any country in the world, has a five-day workweek, which is a crucial human rights improvement that even economically developed South Korea, Singapore, and Taiwan have not yet achieved. But the U.S. media has actually not reported a single word about this great human rights improvement in China.

While I have been in the United States for 13 years, I still carry my Chinese passport, never having exchanged it for a U.S. one. I hold that we overseas scholars who are in the United States for various reasons ought to take

an active stance, exploiting our U.S. social standing to strive for access to the mainstream U.S. media. And we also hope that the Chinese media [in the United States] will reform its existing form, language, and perspective in its overseas coverage.

**Li Xiguang:** The U.S. media holds that the United States defeated Eastern Europe and the Soviet Union through its propaganda and agitation about such "myths" as liberalization and "globalization." So do you believe that they might exploit such myths to break up China, to bring the whole world into the U.S.-led global capitalist system?

**Liu Kang:** The "globalization" process preached by the U.S. media is an unjust one of destroying the ecologies and ethnic cultures of developing countries, to sharpen the global polarization between rich and poor. For instance, India, Brazil, and Mexico have become entirely Westernized politically, having gotten onto the same economic globalization track as the United States, which has resulted in their becoming markets for Western product dumping, exploitation of cheap labor, and plundering of resources by multinational corporations. For many years now, the U.S. media has noisily bragged that the success of capitalism comes from Western Civilization and Christianity, while claiming that non-Western Islamic and Confucian thought are obstacles to modernization. But with the 20th century about to end, the Western media have noted the multipolarization [pluralization] of transnational capitalism, so has cooked up various successful capitalist models such as the "East Asian model" and "Neo-Confucianism," holding that Confucian thinking is also one of the best cultural models to bring modernization. This actually also is a myth, as Japanese success was dependent mostly on the pillaging of the Third World.

Might China become the successor to the East Asian nouveau riches? The multinational companies in the capitalist system, including Japan and the United States, absolutely would not like to see China become a new center for powerful multinationals like themselves. The Western nations are rather wholeheartedly intent on turning China into a country such as India or Mexico. So we Chinese need to get conceptually free from the ideological and psychological "Westernized mindset." Some years ago, some in China were stubbornly preaching all-out Westernization. And we are seeing today another wave of traitorous Westernism, posing in guises such as anti-Western, nationalist, and Confucian to reiterate Western capitalist values, identifying with the get-rich position. But we need to take note of the reality and history of weak and small nationalities, recognizing the tragedy of the Westernizing of India and Mexico. As to India for instance, while it has had an es-

established Western democratic system for a half-century, with very strong nationalism, and more Hinduism than Christianity, it is still one of the poorest countries in the world.

**Li Xiguang:** In light of the mainstream U.S. media's consistent anti-China stand, which have been nearly totally brainwashed on crucial matters such as Taiwan and Tibet by Taiwan independence activists and the CIA, so that it has become hard to get any pro-China sentiments covered by the mainstream U.S. media, how are we to change that situation?

**Liu Kang:** As the U.S. public trusts scholars, I suggest that the NEW CHINA NEWS AGENCY, in your overseas coverage of crucial political, economic, and cultural events, particularly crises, should pay attention to using analysis and criticism by mainland or overseas scholars and professors, to add background and persuasion to your news. In recent years, the mainland overseas media, as to certain crucial political and economic coverage, has interviewed Chinese Academy of Sciences [CAS] researcher, Dr. Hu Angang [5170 7254 6921], and Yale University research fellow, Dr. Wang Shaoguang, with such coverage having come to the attention of the major U.S. media. For instance, the WASHINGTON POST has recently headlined an exclusive interview with Hu Angang, while the VOICE OF AMERICA has repeatedly broadcast an exclusive interview with Wang Shaoguang. And while Drs. Hu and Wang's views were their own, they sound like they would be absolutely persuasive on behalf of the Chinese Government. So I hope that more Chinese scholars will exert a subtle influence in guiding U.S. media along correct lines.

### Northeast Asia

#### PRC: Spokesman 'Regrets' Hashimoto's Yasukuni Visit

OW2907144596 Beijing XINHUA Domestic Service in Chinese 1353 GMT 29 Jul 96

[FBIS Translated Text] Beijing, 29 Jul (XINHUA) — Today the Chinese Government expressed deep regrets over Japanese Prime Minister Ryutaro Hashimoto's visit to Yasukuni Shrine in the so-called private capacity.

In answering a question in this connection today, Foreign Ministry spokesman Cui Tiankai said: "We deeply regret Japanese Prime Minister Ryutaro Hashimoto's visit to the Yasukuni Shrine on 29 July."

The spokesman said: As everyone knows, Yasukuni Shrine enshrines the soul of militarist leaders, including that of Hideki Tojo. All along Asian countries which suffered from Japan's aggression have been resolutely opposing Japanese prime ministers' and government

leaders' visit to the shrine. Over the last decade, Japanese prime ministers and leading government officials, in adopting a prudent attitude toward such visits, have refrained from doing so. The manner of Prime Minister Hashimoto's worship has seriously hurt the feelings of the people of various Asian countries, including China, which suffered heavily from Japanese militarism.

He added: Japan should truly reflect on its past history of invasion, win the trust of the people of various Asian nations with practical actions, and take the road of peace and development.

#### PRC: Government To Provide 100,000 Tons of Grain to DPRK

OW3007025396 Beijing XINHUA in English 0249 GMT 30 Jul 96

[FBIS Transcribed Text] Beijing, July 30 (XINHUA) — The Chinese government is to provide 100,000 tons of grain to the government of the Democratic People's Republic of Korea (DPRK), according to an exchange of note signed here recently.

The document was signed by Yang Wensheng, China's assistant minister of Foreign Trade and Economic Cooperation, and Song Pong Hwan, DPRK's charge d'affaires ad interim in Beijing.

The Chinese government made the decision of granting the grain to DPRK when Chinese State Councillor Luo Gan visited the DPRK earlier this month.

Luo, also secretary-general of China's State Council, was in the DPRK as head of a Chinese government delegation to attend the celebrations marking the 35th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance.

#### PRC: DPRK State Security Delegation Visits Tianjin

SK3007052296 Tianjin TIANJIN RIBAO in Chinese 14 Jul 96 p 3

[FBIS Translated Text] Vice Mayor Song Pingshun met with a delegation from the DPRK State Security Department headed by Pak Su-uk, deputy director of the DPRK State Security Department and DPRK-PRC border security chief representative, at the Lishunde Hotel at noon on 13 July.

On behalf of the municipal government, Song Pingshun welcomed the delegation and introduced the guests to Tianjin's general situation and economic development since the initiation of reform and opening up. He said: Thanks to the many visits of DPRK guests to Tianjin, our mutual understanding has been enhanced.

The current visit will certainly promote the friendship between the two sides. As economic development has set still higher demands on public security, it is hoped that both sides will promote exchanges. Pak Su-uk also expressed the hope for greater exchanges on public security experiences to promote social stability.

During its stay in Tianjin, the delegation will visit the science and technology hall, the development zones, and the Heaven Pagoda.

**PRC: Tianjin Mayor Meets With Visiting DPRK Vice Premier**

SK3007051596 *Tianjin TIANJIN RIBAO in Chinese*  
12 Jul 96 p 1

[FBIS Translated Text] A DPRK goodwill delegation headed by Kim Yun-hyok, vice premier of the DPRK Administration Council, which began visiting China on 9 July at the invitation of the PRC Government, arrived in Tianjin on 11 July. Mayor Zhang Lichang met with Kim Yun-hyok and all the members of the delegation at noontime. In a cordial and friendly atmosphere, the guests and the host happily reviewed the development of friendly relations between the Tianjin people and Korean people and pledged to make the visit a turning point to further develop such friendly relations.

Zhang Lichang extended a warm welcome to Kim Yun-hyok during the meeting. He said: The China-DPRK friendship was established and nurtured by the leaders of the older generation of the two countries, and we have redoubled efforts to value and nurture such friendship for many years.

Zhang Lichang said: Tianjin and the DPRK have particularly friendly relations. President Kim Il-song visited Tianjin twice in the 1980's and 1950's respectively, and our former mayor Li Ruihuan has also visited DPRK, resulting in the continuous development of friendly relations between Tianjin and the DPRK. He hoped that through the delegation's visit, multi-faceted exchanges between the two sides would be further developed.

Zhang Lichang also introduced Tianjin's reform, opening up, economic development and urban construction to the delegation.

Kim Yun-hyok expressed thanks for the Tianjin people's warm welcome. He said: As a place where Premier Zhou Enlai and Comrade Deng Yingchao studied and fought in their early years, Tianjin has glorious revolutionary traditions. We feel as pleased with Tianjin's tremendous achievements in reform, opening up, economic construction, and improvement of living standards as we do with our own achievements. We also wish Tianjin greater achievements in building socialism

with Chinese characteristics, and wish the Tianjin people happiness.

During his stay in Tianjin, Vice Premier Kim Yun-hyok and his party visited the Tianjin Economic and Technological Development Zone, urban construction, and the museum on the revolutionary activities carried out in Tianjin by Zhou Enlai during his youth. He also presented flowers to the Zhou Enlai statue.

Ye Disheng, vice mayor, and Zhang Guanwen, secretary general of the municipal government, accompanied the guests during their visit. Chen Jian, assistant to the foreign minister; responsible persons of Tianjin's relevant departments; and Chu Chang-jun, DPRK ambassador to China; were present at the meeting.

**PRC: Shanxi Province, ROK Sign Letter of Intent on Cooperation**

SK2907134296 *Taiyuan SHANXI RIBAO in Chinese*  
8 Jul 96 p 1

[Report by reporters Feng Aimin (7458 1947 3046) and Zhao Min (6392 2404)]

[FBIS Translated Excerpt] The Yuanyi Hall of the provincial government was filled with laughter and applause on the evening of 7 July. A grand ceremony was held here for the economic delegation from the ROK, which was lead by Kim Han-kyu, an ROK assembly man, with Kim Sang-ko, president of the Posong Corporation and chairman of TAEGU ILBO of the ROK, as the deputy leader. The delegation and Shanxi Province signed a letter of intent and an agreement on a number of cooperation projects which were reached following the delegation's two-day visit and economic talks in Shanxi. Hu Fuguo, Sun Wensheng, Wu Zhengguo, Ji Xinfang, and Xue Jun attended the ceremony.

The visit was Kim Han-kyu's third to Shanxi. On 2 June, an economic delegation from Taegu in the ROK, also headed by Kim, signed letters of intent with Shanxi's relevant departments on 12 economic and technological cooperation projects. Later, he made a special trip to Shanxi to attend the celebration for the opening of the Taiyuan-Jiuguan Expressway on 26 June. This time, he again led an ROK economic delegation to visit Shanxi, and reached an agreement of intention to cooperate with Shanxi's relevant departments in building the Taiyuan Cement Transform Station, in developing four multi-purpose mini zones, in establishing an international construction company limited, and in organizing labor service exports. He also signed an agreement on the official establishment of friendly ties between the TAEGU ILBO and the PRC's SHANXI RIBAO. [passage omitted]



Zhang Kui, director of the provincial planning commission, chaired the ceremony. Kim Sang-ko, president of the ROK's Posong Corporation, signed the letter of intent and agreement respectively, with Yuan Lunhua, general manager of the provincial construction group corporation, and Li Dongxi, chief editor of SHANXI RIBAO.

### **Southeast Asia & Pacific**

#### **PRC: Philippine Defense Chief Leaves for Beijing Visit**

*OW2707113596 Beijing XINHUA in English  
1128 GMT 27 Jul 96*

[FBIS Transcribed Text] Manila, July 27 (XINHUA) — Philippine Defense Secretary Renato S. De Villa left here today for a six-day official visit to China, government sources said.

This is the first visit to China by a Philippine defense chief, who was invited by Chi Haotian, minister of defense of the People's Republic of China, the sources said.

Leading a six-member delegation, De Villa will meet Chinese government and military officials in a bid to promote relations between the two countries, particularly in the field of defense.

His visit will lead to the exchange of military attaches of the two countries, the sources said.

#### **PRC: Chi Haotian Briefs Filipino Counterpart on Defense Policy**

*OW2907124796 Beijing XINHUA in English  
1237 GMT 29 Jul 96*

[FBIS Transcribed Text] Beijing, July 29 (XINHUA) — China attaches great importance to developing its long-term and stable good-neighborly relations with members of ASEAN, the Association of Southeast Asian Nations, a senior Chinese military leader said today.

Chi Haotian, vice-chairman of China's Central Military Commission, made the remarks in Beijing during talks with Philippine's Secretary of Defense Renato de Villa.

The Chinese Government pays much attention to Villa's visit and believes that it will serve to enhance mutual understanding between the two countries, and promote the growth of military relations, said Chi, who is also State Councillor and defense minister.

Chi hoped that leaders of the two defense departments and armed forces would maintain frequent exchanges to push their friendship to a new high.

As a developing socialist country, Chi said, China has determined its national defense policy to be defensive

for the sake of its social system and national security interests.

Chi explained that China pursues a positive defense strategy, and it will seek no hegemony or expansion, nor any form of military alliances with any other countries. It will neither invade any country, nor station troops or establish military bases abroad.

The theory of a so-called "China Threat" is totally groundless, Chi said. The theory spread by some Western countries claims, wrongly, that an economically prosperous China will pose a military threat to the rest of world.

The international situation is generally developing in the direction of relaxation, but the world is far from tranquil, said the Chinese minister, when briefing his Filipino counterpart on China's view of the world situation. The situation in the Asian-Pacific region, in contrast, is undergoing a sound development, he added.

Chi said that China, as a friendly neighbor of the Southeast Asian countries, sincerely hopes that peace and stability in Southeast Asia will be maintained, and cooperation and mutual development in the region be achieved.

Villa said that the Filipino Government attaches great importance to this significant visit to China, which is designated to establish closer ties between the defence offices and the armed forces of the two countries for the maintenance of regional peace and stability.

Villa also expressed his appreciation of China's active participation in the ASEAN Regional Forum.

Prior to the talks, Chi presided over a welcoming ceremony in honor of Villa, who arrived in Beijing over the weekend for an official visit at Chi's invitation.

#### **PRC: Li Peng, Philippines Defense Secretary Meet 29 Jul**

*OW2907142996 Beijing XINHUA in English  
1409 GMT 29 Jul 96*

[FBIS Transcribed Text] Beidaihe, July 29 (XINHUA) — Chinese Premier Li Peng said today that China and the Philippines can easily overcome any problems in their relationship to live and work with each in harmony. The premier called on both countries work with each other closely.

In a meeting with Philippine Secretary of Defense Renato de Villa in Beidaihe, the North China's coastal resort, the Chinese premier said Sino-Philippine relations have been growing well since the two countries established diplomatic relations over 20 years ago.

He commented that the two countries have had "fruitful cooperation" in politics, economy, trade, science, technology, culture and other spheres.

Li described the current visit of de Villa as "an important event" in the contacts between the armed forces of the two countries. He added that the results of the visit have "added new elements and vitality" to bilateral relations.

He said he hopes the exchanges between the two armed forces will continue to increase.

Li noted that both China and the Philippines are concentrating on economic constructions, and both countries need a peaceful and stable international environment, adding that developing Sino-Philippine friendly relations is not only in the interests of the two peoples, but will benefit peace, stability and development of this region.

Echoing Li's remarks, de Villa said both the Philippines and China are striving for peace and development. He added that maintaining good relations between the two countries, as well as between the armed forces of the two nations, is conducive to peace and stability in the region.

Li reiterated that China's development is an important factor of world peace and stability. China, pursuing an independent foreign policy of peace and a good-neighborly policy, is a "trusted friend" of ASEAN member countries.

The premier stressed that China attaches importance to its relations with ASEAN member nations, including the Philippines, saying China has its eyes on the future in developing such relations.

Despite some problems which still exist in Sino-Philippine relations, Li said, cooperation and friendship between the two countries prevail.

"The problems can be resolved so long as the two countries set out from the overall interests of bilateral relations, and conduct friendly consultations and dialogues," he said.

At the meeting, de Villa conveyed regards from Philippine President Fidel V. Ramos to Chinese President Jiang Zemin and Premier Li.

Li asked de Villa to take back greetings from Jiang and himself to President Ramos.

Chi Haotian, vice-chairman of China's Central Military Commission and defense minister, was present at the meeting.

#### **PRC: Cambodia Welcomes Visitors, Reaffirms One-China Policy**

*OW3007031196 Beijing XINHUA Domestic Service in Chinese 1317 GMT 28 Jul 96*

[By reporter Yan Ming]

[FBIS Translated Text] Phnom Penh, 28 Jul (XINHUA)

— While meeting with visiting Shou Jiahua, vice minister of geology and mineral resources of China, at his official residence this afternoon, Norodom Ranariddh, first prime minister of Cambodia, reaffirmed that the Government of the Kingdom of Cambodia recognizes only one China, that is, the People's Republic of China.

Ranariddh extended a warm welcome to the visit to Cambodia of the delegation of China's Ministry of Geology and Mineral Resources, led by Vice Minister Shou Jiahua. He hoped that through the visit, the cooperation between Cambodia and China in geological research and mineral exploitation will be strengthened.

Speaking about the Taiwan issue, Ranariddh said that the Government of the Kingdom of Cambodia recognizes the Government of the People's Republic of China as the sole legitimate government of China, and that Taiwan is a province and an inalienable part of China.

#### **Near East & South Asia**

#### **PRC: Syrian Official Praises Sino-Syrian Ties**

*OW2907135096 Beijing XINHUA in English 1305 GMT 29 Jul 96*

[FBIS Transcribed Text] Damascus, July 29 (XINHUA)

— A high-ranking Syrian official today praised Syria-China relations, saying that the Syrian people appreciate highly the ties between the two countries.

This came in an interview given by Solaiman el Qaddah, assistant secretary of the National Command of the Arab Baath Socialist Party (ABSP) of Syria, with XINHUA today, shortly before the 40th anniversary of the establishment of diplomatic relations between Syria and China.

"The Syrian people commend China's stand on international issues, as well as China's support for Arab rights and the establishment of a fair and overall peace in the Middle East on the basis of the relevant U.N. resolutions and the land-for-peace principle," Qaddah said.

"The Syrian people also appreciate the contributions made by the Chinese government for setting up some development projects in Syria," he added.

Solaiman el Qaddah, who is concurrently President of the Syrian-Chinese Friendship Association, made it



clear that diplomatic representation between the two countries was exchanged under a special agreement.

"This agreement," he continued, "emanated from the two countries' belief in the objective of defending the independence and freedom of the nations, and was intended to serve the interests of both the Chinese and Syrian peoples."

"This agreement was a prelude to building up ties of close cooperation between the two countries in the economic, cultural, scientific and political fields," Qaddah said.

He pointed out that Syria, its party, government and people look forward to expanding and deepening the ties of cooperation with China.

Answering a question about the future of economic cooperation between China and Syria, Qaddah said that the future of this cooperation is confirmed by the existing cooperation agreements concluded between the two countries.

China and Syria established diplomatic relations on August 1, 1956.

#### **PRC: Iran Reaffirms One China Policy**

*OW3007062396 Beijing XINHUA Domestic Service in Chinese 1215 GMT 28 Jul 96*

[By reporter Chen Ming]

[FBIS Translated Text] Teheran, 28 Jul (XINHUA) — While separately meeting here on 27 July with Zhu Qizhen, vice chairman of the Foreign Affairs Committee of the National People's Congress (NPC) of China, Ali Akbar Nateq-Nuri, speaker of the Islamic Consultative Assembly, and Ali Akbar Velayati, foreign minister, of Iran, reaffirmed that Iran will persistently pursue the "one China" policy.

Nuri hoped that the friendship and relations of cooperation between the Iranian assembly and the Chinese NPC will be further developed.

Velayati reaffirmed that Iran will, as always, persistently pursue the "one China" policy and that China can completely count on Iran for persistently adhering to the "one China" position in the United Nations and in all international organizations.

The Chinese NPC Foreign Affairs Committee delegation arrived here on 26 July for a friendly visit at the invitation of the Foreign Affairs Committee of the Iranian Islamic Consultative Assembly.

### **West Europe**

#### **PRC: XINHUA Notes French 'Satisfaction' on Nuclear Testing Ban**

*OW2907164096 Beijing XINHUA in English 1513 GMT 29 Jul 96*

[FBIS Transcribed Text] Paris, July 29 (XINHUA) — France said today that it has "taken note with satisfaction of the announcement by China of a definitive suspension of all nuclear tests from July 30, 1996."

French Foreign Ministry spokesman Jacques Rummelhardt said that this decision made by China came "at the moment when the Conference on Disarmament is preparing to make a decision on the transmission of the draft Comprehensive Test Ban Treaty (CTBT) to the General Assembly of the United Nations."

"France renews its support to the rapid transmission of the draft treaty which has been set down by the president of the ad hoc committee of the Conference on Disarmament in Geneva on June 28," he said.

The Chinese Government declared today that it starts a moratorium on nuclear testing effective from July 30, 1996.

#### **PRC: XINHUA Notes British Government 'Hope' for Moratorium**

*OW2907163496 Beijing XINHUA in English 1558 GMT 29 Jul 96*

[FBIS Transcribed Text] London, July 29 (XINHUA) — The British Government expressed the hope today that China's moratorium on nuclear testing "will encourage all others to join in concluding the Comprehensive Test Ban Treaty (CTBT)."

Commenting on the Chinese Government statement on nuclear test, a British Foreign Office spokesman said that "this means that all of the declared nuclear weapon states have now indicated that they do not plan to carry out more tests" so that the treaty can be opened for signature in New York in September.

"This is good news as the Conference on Disarmament resumes to conclude negotiations on a CTBT," the spokesman added.

On China's latest nuclear test, the spokesman said, "We do not intend to comment on the test itself, that is a matter for the Chinese government."

"However, we note the Chinese have said that, following Monday's test, they will adopt a moratorium forthwith," he added.

The spokesman said, "We share the international community's strong wish that Monday's test should be the last ever."

**Political & Social**

**PRC: Three Dissidents Reportedly Sentenced to Labor Camps**

OW3007013496 Hong Kong AFP in English  
0124 GMT 30 Jul 96

[FBIS Transcribed Text] Beijing July 30 (AFP) — China has sentenced three dissidents to labour camps, as a human rights group Tuesday expressed concern over the fate of another, held for almost two months in an unknown location.

Wang Donghai and Chen Longde, activists in the eastern province of Zhejiang, have been formally given re-education through labour terms for petitioning the government for greater democracy, a human rights group reported Tuesday.

Human Rights in China also said Christian activist Xiao Biguang has been sent to a labor camp in Jiangxi province, and expressed concern for Zhang Zongai, an activist in Shaanxi province detained for months in an unknown location.

Wang, 49, and Chen 36, spent two and three years in prison respectively for their roles in the 1989 pro-democracy demonstrations that led to the Tiananmen Square massacre.

Xiao Biguang, 35, a former professor at Beijing University, was detained in 1994 for his activities in China's unofficial "underground" church.

Zhang Zonghai, a former professor, was detained and sentenced to four years prison for participating in the 1989 pro-democracy movement.

**PRC: Five Publications Criticized for Political Mistakes**

HK2907093196 Hong Kong MING PAO in Chinese  
28 Jul 96 p A12

[Unattributed report: "Central Authorities Criticize Four Periodicals, One Newspaper by Name"]

[PTS Translated Text for FBIS] The CPC Central Committee Leading Group for Ideology recently required departments responsible for propaganda, publication, and distribution of newspapers and periodicals to "scrutinize" various books, newspapers, and periodicals. The group criticized a number of influential magazines and newspapers by name. It was learned that the authorities will shut down these publications and will also arrange for a number of scholars to publish articles in various newspapers and periodicals criticizing the arbitrary assessment of historical figures.

As disclosed by a source, at a recent national conference on propaganda as well as publication and distribution

of books and periodicals, Xing Benxi, vice president of the Central Party School and deputy head of the CPC Central Committee Leading Group for Ideology, criticized by name four periodicals and a newspaper: DUSHU [BOOK READING], DONGFANG [THE EAST], ZHANLUE YU GUANLI [STRATEGY AND MANAGEMENT], CHUANTONG YU XIANDAI [TRADITION AND MODERN TIMES], and ZHONGHUA GONGSHANG SHIBAO [CHINESE INDUSTRIAL AND COMMERCIAL TIMES]. Xing said some articles and reports carried by these publications had made serious political mistakes because they interfered with the implementation of the political line of the CPC Central Committee, with Jiang Zemin at the core, by preaching left and right deviationist lines.

It was learned that the newspaper ZHONGHUA GONGSHANG SHIBAO was criticized because its reports and commentaries on the private economic sector were considered out of tune with central guidelines. The newspaper ran a commentator's article in May this year stressing that private entrepreneurs in China would not grow into a new-born capitalist class, as some ultra-leftists had asserted. The magazine ZHANLUE YU GUANLI, which has a military background, was criticized for several articles on the Taiwan issue published late last year and early this year. DUSHU, DONGFANG, and CHUANTONG YU XIANDAI were criticized for their long-standing political problems. The magazine DUSHU, in its third issue for this year, carried an article entitled "The Charter of the Anshan Iron and Steel Company and Post-Henry Ford Doctrine" by Cui Zhiyuan heaping praise on late CPC leader Mao Zedong. This article evoked great concern and strong dissatisfaction among certain people in the CPC hierarchy.

Aside from the four periodicals and one newspaper, a number of books were criticized by name and banned, including the "Setting Sun" — as has been reported by this newspaper — and the series of books on negotiating techniques by pro-democracy activist Mou Chuanheng. In addition, the novel "Fear" by the famous writer Liang Xiaosheng; the book "Hunger" and the trilogy "Sheep's Eye, Arrogant Look, and Cat's Eye" by Xian writer Wei Yahua; and the long historical report "Evening Toll of the Century" by senior reporter Zhang Jianwei of the ZHONGGUO QINGNIAN BAO came under fire. The works by Liang Xiaosheng and Wei Yahua were criticized or banned mainly for "pornographic" contents, while Zhang Jianwei's "Evening Toll of the Century" had "political problems."

The latter's long historical report, subtitled "The Final Reform in the Forbidden City," maintains: Late in the last century and early this century, two reforms

identical in nature were carried out in China: the Reform Movement of 1898 and constitutional reform. The former was led by Emperor Guangxu, and Kang Youwei acted as its standard-bearer. The 103-day-old reform was strangled by the Empress Dowager Cixi, who staged a coup. But seven years later, Cixi herself initiated a political reform, which was more drastic than the 1898 Reform Movement, and the standard-bearer was Yuan Shikai, Emperor Guangxi's renegade "who was an informer against the reform movement."

**PRC: Beijing Preparing To Host Parliamentarians**  
HK2907063196 Beijing CHINA DAILY in English  
27 Jul 96 p 1

[By Xu Yang: "NPC Set To Host Delegates"]

[PTS Transcribed Text for FBIS] Beijing has nearly completed its preparatory work for the opening of the 96th Inter-Parliamentary Conference, to be held from September 5-21.

Officials predict the Chinese capital will receive about 1,300 parliamentarians, including more than 70 speakers and deputy speakers, from 120 countries and many international organizations.

More than 90 countries have already registered delegations for the event, said Ye Weiwei, deputy director-general of the Foreign Affairs Bureau of the National People's Congress (NPC) Standing Committee.

It will be the first time the conference has been held in China since the country joined the 133-member Inter-Parliamentary Union in 1984.

Ye told China Daily that she hopes the registration process will be completed within the next two weeks.

The conference will feature general debates on world politics, economy and society, and on the universal concept of human rights, especially the rights of women and children. The parliamentarians present will also discuss the food issue during the five-and-a-half-day working schedule.

On September 15, women parliamentarians will meet to discuss the follow-up action from the Fourth World Conference on Women, held in Beijing last September.

The Inter-Parliamentary Conference will open in the Great Hall of the People, and discussions will take place in the Beijing International Conference Centre.

"Many delegates will be coming to China for the first time. They wish to take this opportunity to find out about China's People's Congress system, which is a unique type of parliament in the world. We will do our best to help," Ye said.

She said that Chinese embassies and consulates began to issue visas for the conference in late June.

"So far I have not received any complaints about the visa issue," Ye said.

Delegates from countries which have no official links with China can go to any country they choose to apply for the entrance approval, Ye said.

**PRC: Party Urged To Reinforce Grass-Roots Organs**

OW2907234996 Beijing RENMIN RIBAO in Chinese  
25 Jun 96 p 9

["Organization Piece" by staff reporter Zhang Yan; from "Commemorating 75th Anniversary of CPC Founding" column: "Vigor of 'Cells'—Account of Strengthening Building of Rural Grass-Roots Party Organizations Throughout the Country"]

[PTS Translated Text for FBIS] From a high strategic plane and with an eye to the interests of the whole, the Fourth Plenary Session of the 14th CPC Central Committee has raised the issue of party building before the whole party as a "grand project" and has called on party organizations at all levels to concentrate their attention on promoting the building of our Marxist political party, which has the asset of over 50 million members.

In the wake of its Fourth Plenary Session, the party Central Committee immediately called a national conference on the building of rural grass-roots party organizations, issued the "Circular on Strengthening the Building of Rural Grass-Roots Party Organizations," and made arrangements for promoting the building of rural grass-roots party organizations. Over the past year and more, in line with the overall arrangements of the party Central Committee and the requirements for fulfilling the "five goods" target, all localities across the country have redoubled efforts to strengthen their leadership over the work; successfully reinforced the building of rural grass-roots party organizations on a large scale and in a centralized way, with focus placed on the building of party branches; and formulated, for the work at every level, development programs for the present year as well as for the upcoming three years. Leading cadres at the provincial, prefectural, and county levels have established contact bases concerning the party building work, thus giving shape to a sound work situation wherein one level is responsible for grasping and bringing along the implementation of the party building of its immediate subordinate level. Under the prerequisite of selecting qualified and able party branch secretaries, all localities have paid simultaneous attention to "five goods"; adopted effective measures to help poverty-stricken villages develop



their economy; input a great deal of material, financial, and scientific and technological resources; reinforced the collective economy at the village level; enhanced the actual ability of party branches to guide the masses of peasants to extricate themselves from poverty, get rich, and attain a moderately high standard of living; and injected a greater vigor and vitality to the building of rural grass-roots party organizations.

### **The Whole Party Is Concerned About the Building of Rural Grass-Roots Party Organizations**

There are over 800,000 grass-roots party organizations in China's rural areas, which play the role of a bridge linking the party with the masses. We need to rely on the efforts of the party's grass-roots organizations in an effort to successfully implement the line, principles, and policies of the party and the state; establish close ties with the masses, carry out propaganda among the masses, and organize and unite the masses; and educate and control party members and give play to the exemplary vanguard role of party members. The party's grass-roots organizations are functioning like numerous "cells" in the organism of the party; and only when every "cell" enjoys vitality can the overall organism of the party be filled with vigor. The work of party building must start with every "cell" of grass-roots party organizations.

The building of the party's grass-roots organizations is a "basic project" of the "grand project" of the party building; and to ensure its success, we need to make up our mind and exert great efforts. General Secretary Jiang Zemin already pointed out in his report delivered at the 14th party congress: "The party's grass-roots organizations serve as a foundation for the party's overall work and its combat effectiveness; therefore, party committees at all levels should adopt effective measures and work hard to build grass-roots party organizations into a powerful fighting force which aims at uniting and leading the masses to carry out reform and construction."

At the national conference on the building of rural grass-roots party organizations held in October 1994, General Secretary Jiang pointed out again: "The issues of agriculture, rural work, and peasants have a bearing on the overall situation of reform, opening up, and socialist modernization drive; on our efforts to consolidate the ruling status of our party; and on the lengthy and peaceful reign of our country. This is a major economic issue as well as a major political issue." "Party committees and governments, from the central to the local level, must see to it that agriculture and rural work are placed before other economic tasks, and that both the rural economic development and comprehensive so-

cial progress can reach a new level." The remarks of General Secretary Jiang Zemin are a mobilization order to party committees and governments at all levels. Today, party committees and governments at all levels across the country have immediately gone into action, while leaders at the provincial, prefectural, and county levels have established respective contact bases for the work. Statistics show that such contact bases total 77,000, and principal leading comrades of many provinces, autonomous regions, and municipalities have gone deep into the reality of rural areas to provide the local masses with face-to-face guidance; since last year, a total of 920,000 cadres working in administrative organs have been sent to villages in two batches to help out the work there; 99.7 percent of county party committees across the country have established and improved their responsibility system concerning the party building of rural areas, and many county (city) party secretaries have conscientiously exercised their function as the "No 1 charge cadre"; and through such means as sending investigation groups as well as inspection and work guidance groups, convening meetings on the work of the present stage, and holding quarterly report-back meetings, many localities have also reinforced supervision and inspection, kept informed on how the work is progressing, summarized and exchanged experience, studied and resolved problems, and paid close attention to implementation. People in rural areas generally believe: This is the first time since the beginning of reform and opening up that the whole party has ever shown such evident concern for and attached such great importance to the rural work.

### **Building up "Leading Bodies" and Arming "Brains"**

The party Central Committee has called for efforts to strengthen the building of grass-roots party organizations, with focus placed on party branches, and strive to fulfill the target of "five goods" through hard work. Among the "five goods," building good leading bodies which are united, firm, and supported by the masses, especially having good party secretaries, is the key to fulfilling the target. "Party branches are keys to guiding peasants to get rich." "To boost our economy, we should first build up strong leading bodies." Party committees in many localities have regarded the work of strengthening the leading bodies of grass-roots party branches as the focal point of their work focuses; and the "No 1 leaders" of these party committees have taken personal charge of the selection of "No 1 leaders" at the village level; and a large number of outstanding communist party members who enjoy the ability to lead the masses onto the road of common prosperity have taken up the leading posts of grass-roots party organizations.

Yitao Township in Shuyang County, Jiangsu Province, used to be a notorious "extremely difficult village." In 1991, the per capita income of peasants stood at merely 375 yuan. Upon its half-year in-depth investigation in 26 villages, the new session of the township party committee, which was composed in early 1992, found out that a major factor leading to the "backwardness" of Yitao Township was the poor quality of cadres. To put an end to such a situation, the township party committee first concentrated its attention on readjusting and improving the organizational structure of village party branches and appointed a number of outstanding communist party members as secretary of village party branches who have the ability to guide the masses in the direction of boosting economic construction and promoting the building of spiritual civilization. Over the past five years and more, great changes have taken place in this township; and today, the per capita income of peasants exceeds 1,200 yuan.

During the process of reinforcing the building of rural grass-roots party organizations, party committees at all levels have given greater prominence to ideological education; concentrated their attention on enhancing the ideological, cultural, and scientific and technological levels of party-member cadres in rural areas; straightened out their thinking; and renewed their concepts. Many provinces and cities have stressed: We should first change our "brains" before changing the "face" of our country. To this end, many localities have conscientiously organized party-member cadres to study Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the party constitution; compiled, in the light of specific features of rural areas, teaching materials that expound a profound truth in simple language; and have effectively enhanced the political quality of party-member cadres and their actual ability to lead the masses towards common prosperity. The activity of knowledge contests focusing on the study of theory and the party constitution is being carried out in many places. In provinces like Liaoning, Hebei, and Hainan, 80 percent of the party members have taken part in the knowledge contests, while the number of party members taking part in the knowledge contests throughout the country has reached 23.15 million, accounting for 43.7 percent of the total. Many counties and cities in Guangxi, Sichuan, and Guizhou have compiled the basic points of the theory on building socialism with Chinese characteristics, basic viewpoints of the party, and a number of applied technologies into pamphlets for party-member peasants to study whenever and wherever possible. Many localities, including Shandong and Liaoning, have integrated the study activities of party members with the activity of emulating Kong Fansen,

Zhang Mingqi, and local advanced models. All these forms and methods have yielded very good results.

Over the past year and more, party organizations at all levels across the country have held some 600,000 training sessions on the study of party theory, the party constitution, science and technology, and cultural knowledge; brought up 3.85 million qualified trainers; and provided rotation training for more than 29.25 million party members. During the period from last winter to this spring, a total of 217,000 township and town cadres and 668,000 rural party branch secretaries and village directors have gathered for group training. The provincial and municipal party committees in such places as Henan, Anhui, Tianjin, Shanxi, and Guangdong have directly trained up a number of rural party branch secretaries. A number of provinces, autonomous regions, and municipalities, including Beijing, Zhejiang, Jiangsu, Anhui, Hubei, Jiangxi, Guangdong, and Shandong, have provided formal technical secondary education and higher education for rural grass-roots cadres; in Jiangsu, 74 counties (cities) have offered courses of higher education and technical secondary education for rural grass-roots cadres.

#### **Attaching Equal Importance to "Rectification of Paralyzed Party Organizations" and "Elimination of Poverty"**

With a view to promoting the reform, development, stability, and comprehensive progress of the rural areas, the party Central Committee has called for vigorous efforts to rectify and improve, in three years' time, paralyzed party organizations in rural areas which remain weak and lax in discipline. Party committees and governments at all levels have adopted effective measures to help poverty-stricken and backward villages develop their economy, attaching equal importance to "rectifying paralyzed party organizations" and "eliminating poverty." Through the rectification of the past year and more, evident changes have taken place in the party branches of many backward villages, certain prominent problems and major concerns of peasants have been resolved in some localities, and a considerable number of village-level collectives have gained a greater economic strength.

Upon rectification, over 80 percent of the country's first batch of 55,000 paralyzed and weak village party branches and 32,000 poverty-stricken villages suffering a slow economic growth have undergone evident changes, and many typical cases wherein backward villages become advanced ones are springing up. The party organization of Zhonglianhua Village of Cixian County, Hebei Province, had long remained paralyzed, which did not recruit any new party members for more than



a decade. As a result, three collective coal mines were seized and controlled by others, causing a loss of 1.6 million yuan, while all the running water pipes in the villages were sabotaged, and the masses had to buy drinking water from outside the village. Through rectification and improvement over the past year and more, the village party branch has enhanced its combat effectiveness and found sound solutions to many problems. Last year, the village's per capita net income reached 2,100 yuan, up by 1,150 yuan over 1994. Meanwhile, the village has also paid close attention to its building of spiritual civilization, and successfully ranked itself among the advanced villages of the whole county.

At the same time, in adherence to the principle of "attaining a moderately high standard of living and bringing about a common prosperity" and with an eye to the country's overall situation, all localities across the country have adopted measures to reinforce the building of village-level collective economies, so as to enhance the coherence, appeal, and combat effectiveness of party branches. Inner Mongolia takes out 50 million yuan every year, while Guangdong has further set aside 17 million yuan for the development of the collective economy on the basis of the 2.4 billion yuan it raised last year. Zhejiang has organized more than 3,000 organs directly under county authorities as well as institutions and enterprises, and geared them to the needs of over 3,000 villages so as to assist the villages to promote their collective economy. Shanghai has already adopted the method of linking bureaus with villages and factories with villages, with a view to building up "villages of million-yuan profits." By linking 100 villages in the economically advanced Pearl River Delta with 100 poor villages in mountain areas, Guangdong has made use of its advantages in capital, technology, personnel, and market in its effort to assist the poor in development. Shiguanying village of the Fancheng District, Xiangfan City, Hubei Province, has also gone beyond the county boundary and extended its help to Dashan Village of Nanzhang County in poor mountain areas. Huaxi Village of Jiangyin City, Jiangsu, a well-known "billion-yuan village," has offered help for poor villages in the mountain areas of Ningxia to build "Huaxi Villages" there. Many villages and towns in economically advanced coastal areas, such as Guangdong, Fujian, and Zhejiang, have begun their "march" towards the country's central and western regions and offered assistance for poor mountain villages there to enhance their rural economy, with a view to promoting the building of two civilizations in rural areas.

#### PRC: Li Peng Speech on Tangshan Earthquake

OW2907103296 Beijing XINHUA Domestic Service  
in Chinese 1447 GMT 28 Jul 96

[Speech by Li Peng at a 28 July meeting to mark the 20th anniversary of Tangshan earthquake relief operations]

[FBIS Translated Text] Tangshan, 28 Jul (XINHUA) — Comrades:

The Hebei provincial party committee, the provincial government, the Tangshan city party committee, and the city government hold a meeting here today to solemnly mark the 20th anniversary of the Tangshan earthquake relief operations. The strong earthquake that shocked people in China and abroad 20 years ago destroyed Tangshan — a heavily populated, important industrial city — in a moment and took a heavy toll on people's lives and property. During the Tangshan earthquake, I took part in relief operations, personally witnessing the severity of the devastating calamity and the moving scene of people and People's Liberation Army [PLA] soldiers sparing no effort to carry out earthquake relief operations and rushing to help out stricken areas. Twenty-years have passed in the twinkling of an eye. Over the past 20 years, the people of Tangshan have surmounted numerous difficulties, scored a great victory in rebuilding their hometown following the earthquake relief operations, and achieved tremendous successes in reform, opening up, and socialist modernization under the leadership of the party Central Committee, the State Council, the Hebei provincial party committee, the provincial government, the Tangshan city party committee, and the city government, and with the full support of soldiers and people across the country. On behalf of the party Central Committee and the State Council, I express my heartfelt condolences to the compatriots who were killed in the earthquake and pay tribute to the heroic people of Tangshan.

The past 20 years have been a new chapter of history for the people of Tangshan. In the face of the serious natural disaster, the broad masses of cadres and people in Tangshan worked selflessly, indomitably, and valiantly in a spirit of sharing weal and woe to surmount difficulties that are unimaginable to the ordinary people, thus scoring a victory in the earthquake relief struggle. After the earthquake, the people of Tangshan displayed dauntless heroism in resuming production and rebuilding their hometown. In only 10 years, they rebuilt a completely new Tangshan from ruins, thus working a miracle in the history of mankind's fight against natural disasters. During the "Seventh Five-Year Plan" period, Tangshan kept pace with the rest of the country in economic development. During the "Eighth Five-Year

Plan" period, it achieved an economic growth rate that outstripped the national average, thus joining the ranks of cities that experienced fairly rapid economic development. The people of Tangshan have proved themselves to be heroes with glorious revolutionary traditions.

The victory in the Tangshan earthquake relief operations and Tangshan's rehabilitation and development after the earthquake once again proves this fact incontrovertibly: The CPC deserves to be called the force at the core that provides leadership over our undertakings; the socialist system deserves to be called the correct choice of the Chinese people; and the Chinese PLA is worthy of the glorious title of people's soldiers. The Chinese people who have control over their own destinies under the CPC leadership were able to surmount all difficulties and hardships to survive and develop. This demonstrates to the rest of the world that the Chinese nation is bound to succeed in its efforts to achieve prosperity, greater strength, and rejuvenation.

As we mark the 20th anniversary of our victory in the Tangshan earthquake relief operations, we should vigorously promote the spirit of self-reliance and hard work and continuously advance the program of reform, opening up, and socialist modernization. The developments and changes that Tangshan has experienced in the 20 years since the earthquake show that the spirit of self-reliance and hard work can surmount all difficulties, however enormous they are. Everybody knows that our conditions were very harsh 20 years ago. Although our economy has developed and our material conditions have improved, we still require the hard work of several generations of people over several decades and still need to vigorously promote this spirit if we are to achieve our goal of modernization. We should make the Chinese nation stand upright and seize the opportunity to develop ourselves and work tirelessly for a better future.

As we mark the 20th anniversary of our victory in the Tangshan earthquake relief operations, we should vigorously promote the spirit of sharing weal and woe and foster a closer relationship between the party and government on the one hand and the people on the other. During the Tangshan earthquake relief operations and the process of reconstruction, CPC members and cadres could be seen in dangerous and difficult places. Party-people and cadre-people relations withstood a severe test. The flesh-and-blood ties between the party and government on the one hand and the people on the other hand were fully demonstrated, and so were the relations between soldiers and people that are as close as fish and water. These were important factors leading to Tangshan's rapid rehabilitation and development after the earthquake. People's support and participation provide the strongest social basis for success in our

undertakings. Today, as we advance the program of reform, opening up, and modernization, we should rely heavily on the people and give full rein to their initiative, creativity, and role as masters of their own country. Leaders at all levels must foster a firm mass viewpoint; keep to the mass line; adhere to the fundamental goal of serving the people wholeheartedly; always proceed from and set our sights on serving people's interests in all our work; foster close relations with the people; and resolutely prevent and overcome any phenomenon of being divorced from the people. We will be invincible if we proceed in this way.

As we mark the 20th anniversary of our victory in the Tangshan earthquake relief operations, we should follow the guidance of Marxism-Leninism and Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and strengthen ideological and moral education on patriotism, collectivism, and socialism. We should start with CPC members and leading cadres at all levels and lead the broad masses of people in carrying out work in all areas in a down-to-earth manner and in making contributions to the great cause of building socialism with Chinese characteristics. If we proceed in this way, we can score a full-scale victory in material and spiritual civilization and achieve all-around social progress.

Comrades!

We are in a cross-century period. The Fifth Plenary Session of the 14th CPC Central Committee and the Fourth Session of the Eighth National People's Congress formulated a grand, cross-century program for our country. The entire party and people of all ethnic groups throughout the country are scoring new successes in reform, opening up, and socialist modernization in accordance with this grand program. Tangshan is an important industrial city in northern China that abounds in agricultural and mineral resources and has a strong industrial and technical base. Coupled with good transportation and communications facilities, it has vast potential for development. The party Central Committee and the State Council believe that cadres at all levels and the broad masses of CPC members and people in Tangshan will carry forward the spirit and enthusiasm that was displayed in the earthquake relief operations and build Tangshan into a more prosperous and better city. Let us work with one heart and one mind, devote major efforts to making our country prosperous, carry out arduous pioneering work in an enterprising spirit, and continuously advance the great cause of building socialism with Chinese characteristics under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's

basic line, and under the leadership of the party Central Committee with Comrade Jiang Zemin at the core.

**PRC: PRC Firearms Control Law**

OW2907132696 Beijing XINHUA Domestic Service  
in Chinese 2133 GMT 6 Jul 96

[PRC Law on Firearms Control approved on 5 July by the 20th meeting of the Eighth National People's Congress Standing Committee]

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**Chapter I. General Principles**

Article 1. This law is formulated in order to strengthen firearms control, maintain public order, and safeguard public security.

Article 2. This law is applicable to the firearms control within the boundaries of the PRC.

For the control of firearms to the People's Liberation Army [PLA], Chinese People's Armed Police Forces, and people's militia and for those governed by separate rules of the State Council and Central Military Commission, the relevant stipulations will apply.

Article 3. The state strictly controls firearms. All units and individuals are prohibited to violate the law by holding, manufacturing (including altering and assembling), dealing in, transporting, renting, and leasing firearms.

The state shall severely punish the criminal behavior of violating the law on firearms control. All units and individuals have the obligation to report behavior in violation of firearms control. The state shall protect informers and reward persons who have performed meritorious service by reporting criminal activities that violate firearms control.

Article 4. The Ministry of Public Security under the State Council is in charge of firearms control work across the country. Public security organs under people's governments at and above county level are in charge of firearms control work within their respective

administrative areas. The public security organ of the people's government at a higher level shall supervise the firearms control work by subordinate public security organs of people's governments.

**Chapter II. The Provision and Equipment of Firearms**

Article 5. People's police of public security organs, state security organs, prisons, organs of reeducation through labor; judicial police of people's courts and people's procuratorates; procuratorial personnel assuming investigation missions; and customs personnel in charge of suppressing smuggling may be provided with firearms for their official duties, should the use of firearms be confirmed as necessary in performance of their duties according to the law.

Full-time guards and transportation escorts of the state's important units, such as military industry, financing, warehouses, and scientific research units, may be provided with firearms for their official duties, should the use of firearms be confirmed as necessary in performing their missions of guarding and transporting.

Concrete rules for providing firearms for official use shall be formulated by the Ministry of Public Security under the State Council along with other relevant state organs according to the principle of strict control and be promulgated with the State Council's approval.

Article 6. The following units may be equipped with firearms for civil use:

(1) Units specialized in shooting sports approved by the administrative departments in charge of physical culture under provincial-level people's governments and business shooting ranges approved by public security organs under provincial-level governments may be equipped with firearms for shooting sports;

(2) Hunting ranges approved by administrative departments in charge of forestry under people's governments at or above provincial level may be equipped with hunting rifles;

(3) Units of wildlife protection, breeding, and scientific research may be equipped with hunting rifles and anesthetic rifles for their work requirements.

Hunters in hunting areas and herdsmen in pastoral areas may apply for hunting rifles. Hunting areas and pastoral areas shall be delimited by provincial-level people's governments.

Concrete rules for civil-use firearms shall be formulated by the Ministry of Public Security under the State Council according to the principle of strict control and shall be promulgated with the State Council's approval.



Article 7. The provision of all firearms for official use shall be examined and approved by the Ministry of Public Security under the State Council.

In providing firearms for official use, the Ministry of Public Security under the State Council or public security organs under provincial-level people's governments shall issue permits for holding firearms for official use.

Article 8. To equip units specialized in shooting sports with firearms for shooting sports, the request shall be submitted by the administrative department in charge of physical culture under the State Council and shall be examined and approved by the Ministry of Public Security under the State Council. To equip business shooting ranges with firearms for shooting sports, the request shall be reported by public security organs under provincial-level people's governments to the Ministry of Public Security under the State Council for approval.

In equipping the aforementioned units with firearms for shooting sports, public security organs under provincial-level people's governments shall issue permits for holding firearms for civil use.

Article 9. To equip itself with hunting rifles, a hunting range should submit the approval document issued by the administrative department in charge of forestry under a people's government at or above provincial level to a public security organ under a people's government at or above provincial level for examination and approval; a permit for purchasing rationed civil-use firearms shall be issued by the public security organ under the city-level people's government which delimits the area.

Article 10. Units of wildlife protection, breeding, and research applying for being equipped with hunting rifles and anesthetic rifles shall bring up their requests to public security organs under the people's governments of the counties where they are located, along with the hunting permits or special hunting permits issued by the administrative departments in charge of wildlife under the local county-level people's governments. Hunters applying for hunting rifles shall bring their requests to public security organs under the people's governments of counties where they are located, along with their identification cards and hunting permits issued by administrative departments in charge of wildlife under the local county-level people's governments. Herdsmen applying for hunting rifles should submit their requests to public security organs of local county-level people's governments along with their own identification cards.

After conducting examination and granting approval, the public security organs, which accept the applications, shall request public security organs under the city-level

people's governments, which delimit the areas, to issue permits for purchasing rationed civil-use firearms

Article 11. Units and individuals purchasing rationed hunting rifles and anesthetic rifles must apply for the permits for holding civil-use firearms with the public security organs, which issue the permits for purchasing rationed civil-use firearms, within 30 days after the purchase of firearms.

Article 12. The civil-use firearms provided to business shooting ranges and hunting ranges are not allowed to be carried out of the business shooting ranges and hunting ranges.

The hunting rifles provided to hunters and herdsmen are not allowed to be carried out of the hunting areas and pastoral areas.

### **Chapter III. The Manufacture of Firearms and the Rationing of Firearms for Civil Use**

Article 13. The state enforces special licensing system for the manufacturing and rationing of firearms. No unit or individual may manufacture or sell or buy firearms without license.

Article 14. Firearms used for official purposes shall be manufactured by state-designated enterprises.

Article 15. Enterprises manufacturing firearms for civil use shall be proposed by the State Council's relevant supervisory department and determined by the Ministry of Public Security.

Enterprises rationing firearms for civil use shall be determined by the public security organ of a provincial-level people's government.

Enterprises manufacturing firearms for civil use shall be licensed by the Ministry of Public Security. Enterprises rationing firearms for civil use shall be licensed by the provincial-level people's government.

Licenses for manufacturing and rationing firearms shall be valid for three years. Enterprises that need to continue to manufacture or ration firearms for civil use shall resubmit an application for manufacturing or rationing firearms after the expiration of the original licenses.

Article 16. The state shall impose quotas on the quantities of firearms to be manufactured and rationed for civil use.

The annual quotas for manufacturing firearms for civil use shall be proposed by the State Council forestry, sports, and other supervisory departments and by provincial-level public security organs. The Ministry of Public Security shall determine the quotas, compile



uniform serial numbers, and issue them to manufacturing enterprises.

The annual quotas for rationing firearms for civil use shall be proposed by the State Council forestry, sports, and other supervisory departments and by provincial-level public security organs. The Ministry of Public Security shall determine the quotas and issue them to enterprises rationing firearms for civil use.

Article 17. Enterprises manufacturing firearms for civil use shall not exceed the set quotas. Manufacturing enterprises shall deliver all manufactured firearms to designated firearms rationing enterprises for rationing; they shall not sell firearms by themselves. Enterprises rationing firearms for civil use shall ration, within the prescribed quotas, firearms manufactured by designated enterprises.

Article 18. Enterprises manufacturing firearms for civil use shall do so in strict accordance with the technological standards set by the state and shall not change the functions or structures of firearms. Manufacturing enterprises shall print in the designated spot on the firearm, the manufacturer's name, the firearm model code, and the serial number compiled by the Ministry of Public Security; enterprises shall not manufacture firearms that do not have the numbers or that use duplicate or false numbers.

Enterprises manufacturing firearms for civil use shall implement closed-type control, adopt necessary safety and security measures, and prevent the loss of firearms and their spare parts.

Article 19. Rationing certificates shall be verified in rationing firearms for civil use; firearms for civil use shall be rationed in strict accordance with the specifications, types, and quantities provided for in the rationing certificates. Firearms possession certificates must be verified in rationing ammunitions. Enterprises rationing firearms for civil use must set up a rationing record for long-term safekeeping and reference in accordance with the regulations of the Ministry of Public Security.

Article 20. Public security organs shall regularly check on the manufacturing, rationing, storing, and bookkeeping of enterprises manufacturing or rationing firearms for civil use, and they may station personnel in the plants to exercise supervision and carry out inspection of manufacturing enterprises, if necessary.

Article 21. The development and finalization of the designs of firearms for civil use shall be organized and carried out by the State Council's relevant supervisory department along with the Ministry of Public Security.

Article 22. Manufacturing and selling imitation firearms are prohibited.

#### **Chapter IV. Day-to-Day Management of Firearms**

Article 23. Units and individuals possessing or equipped with firearms shall take care of them appropriately to ensure their safety.

Units possessing or equipped with firearms shall clearly define the responsibility for controlling firearms; designate personnel to take responsibility; and have secure, exclusive safekeeping facilities. Firearms and ammunitions shall be stored on separate locations. For firearms to be kept and used by individuals, a strict firearms control system, including registration, delivery, inspection, and maintenance, shall be established; firearms shall be recalled immediately after use.

For firearms to be used and kept by individuals, effective measures shall be taken to strictly guard against theft, robbery, loss, or any other incidents.

Article 24. Personnel using firearms shall master their use, observe relevant regulations governing their use, and ensure their legal and safe use. Personnel using official firearms shall undergo special training.

Article 25. Units and individuals allocated or allotted firearms shall abide by the following regulations:

- (1) They shall carry with them a permit that authorizes them to bear firearms when they carry firearms; public security authorities will seize the firearms of those who do not have a permit;
- (2) They shall not carry firearms in areas where firearms are forbidden; and
- (3) They shall immediately notify public security authorities if firearms are stolen, robbed, or lost.

Article 26. When personnel allocated firearms for discharging public duties are no longer qualified to bear firearms, their units where they work shall take back the firearms and the permits to bear firearms.

When units and individuals allotted firearms for civilian use are no longer qualified to bear firearms, they must promptly return the firearms, along with the permits to bear firearms, to the public security authorities that issue the permits; public security authorities shall confiscate the firearms of those who fail to return the firearms in a timely manner.

Article 27. Firearms that do not meet the state's technical standards, or that cannot be used safely, shall be scrapped. Units and individuals allocated firearms shall deliver the firearms to be scrapped and the permits to bear the firearms to the public security authorities that

issue firearms permits; public security authorities shall confiscate the firearms from those who fail to deliver them in a timely manner. Firearms to be scrapped must be immediately destroyed.

Public security authorities under a provincial-level people's government shall take charge of destroying firearms.

Article 28. The state implements a firearms inspection system. Units and individuals bearing firearms shall have their firearms inspected at a time and location designated by public security authorities. When inspecting the firearms, public security authorities must strictly examine whether the units and individuals bearing the firearms are qualified to bear firearms according to the regulations of this law, and inspect the state of the firearms and their use. They must withhold the firearms and permits to bear firearms when they find the firearms are illegally used, when the bearers are not qualified to bear firearms, or when the firearms have to be scrapped. Public security authorities shall withhold the firearms and permits for bearing firearms from those who refuse to have their firearms inspected.

Article 29. With the approval of the State Council's public security department, public security authorities of county- and higher-level people's governments may take special measures for collectively controlling firearms which they have lawfully allocated or allotted to some areas for safeguarding public order.

#### Chapter V. The Transportation of Firearms

Article 30. No unit or individual may transport firearms without approval. Those who need to transport firearms must factually report to public security authorities about the types and quantity of firearms to be transported as well as the routes and mode of shipment, and receive a license for firearms transportation. When the transportation takes place within a province, an autonomous region, or a municipality under the Central Committee's direct jurisdiction, they shall apply for their transportation licenses from public security authorities of the people's government of a city with districts — the city where the firearms recipient is located; and if the firearms are going to be shipped to another province, autonomous region, or municipality under the central government's direct jurisdiction, they shall apply for a transportation license from public security authorities of the recipient location's people's government.

No unit or individual shall accept any firearms transportation that does not have a transportation license, and the local public security authorities must be immediately notified of any such unlicensed transportation.

Public security authorities shall keep firearms from being transported when the firearms do not have a transportation license, or when the firearms are transported in a manner not in accord with the provisions stated on the firearms transportation license.

Article 31. When firearms are transported, secure, reliable, and enclosed transport facilities shall be used; and special personnel shall be assigned to escort the transport. When the shipment must pause for these escorts to lodge, the local public security authorities must be notified.

Firearms and ammunition must be transported separately according to regulations.

Article 32. Mailing of firearms, or mailing of firearms along with other articles, is strictly prohibited.

#### Chapter VI. The Entry and Exit of Firearms

Article 33. The state strictly controls the entry and exit of firearms. No unit or individual may enter or exit the country with firearms without approval.

Article 34. Before entering China with firearms, personnel of foreign diplomatic and representative institutions or consulates in China must have the approval of the PRC Ministry of Foreign Affairs; and before they leave the country with the firearms, they should notify the PRC Ministry of Foreign Affairs and have the necessary formalities processed.

Firearms carried into the country according to the preceding provision may not be taken out of the institutions in China.

Article 35. When athletes of a foreign sports delegation come to China to take part in shooting competition, or when athletes of a Chinese sports delegation leave the country to take part in shooting competition, and they need to carry their sports firearms into, or out of, the country, they shall have the prior approval of the State Council's sports administrative authorities.

Article 36. Other than those personnel prescribed in Articles 34 and 35, people who carry their firearms into or out of the country must have the approval of the State Council's public security authorities.

Article 37. Those who receive approval to carry their firearms into the country shall have their firearms registered, on the basis of the approval documents, at the checkpoint of the place where they enter the country, and apply for permits for carrying the firearms; and then they will have the clearance of the customs office on the basis of the permits. After arriving at the destination, they shall use the permits to apply for firearms-bearing

permits from the public security authorities of people's government of a city with districts.

When leaving the country, those approved to take their firearms with them shall submit the documents of approval to the customs office at the place where they depart, and the checkpoint shall give them its clearance according to the documents of approval.

Article 38. When firearms are carried into the country with a foreign vehicle, including transit of the country, the person in charge of the vehicle shall report the shipment to the checkpoint, which shall seal the shipment until the vehicle leaves the country.

#### Chapter VII. Legal Responsibilities

Article 39. Those who manufacture, trade, and ship firearms without a license in violation of the regulations falling under this law shall have their criminal responsibilities investigated according to Article 112 of the Criminal Law and the "National People's Congress [NPC] Standing Committee Decision on Strictly Punishing Criminal Elements Seriously Endangering Public Order."

When a unit has the conduct of the preceding clause, the unit shall be fined and its direct supervisor and other persons in charge shall have their criminal responsibilities investigated according to Article 112 of the Criminal Law.

Article 40. When enterprises which are legally designated and authorized to manufacture and sell firearms violate the regulations in this law and have one of the following, the enterprises will be fined and their direct supervisors and other persons in charge shall have their criminal responsibilities investigated according to Article 112 of the Criminal Law; and public security authorities may order them to suspend their business for consolidation, or revoke their licenses for manufacturing or rationing firearms:

- (1) When they exceed the quantities of the firearms they manufacture or ration, or when they manufacture firearms not in accordance with the prescribed varieties;
- (2) When the firearms they manufacture do not have serial numbers, or when the serial numbers are redundant or counterfeited; or
- (3) When they market firearms without authorization, or when they market in the country firearms meant for export.

Article 41. Those who carry or possess firearms illegally in violation of the regulations in this law shall have their criminal responsibilities investigated according to Article 163 of the Criminal Law.

Those who illegally transport or carry firearms into or out of the country shall have their criminal responsibilities investigated in accordance with the "NPC Standing Committee's Supplementary Regulations for Punishing Smuggling."

Article 42. Those who have violated the regulations in this law by failing to use secure and reliable transportation facilities when transporting firearms, to assign special personnel to escort the shipment, to separate shipment of firearms and ammunition, or notify public security authorities when the escorts have to lodge and the transportation has to pause, they shall have their criminal responsibilities investigated if the case is serious; and if their case has yet to constitute a crime, the public security authorities shall serve the persons in charge a criminal detention for a period of up to 15 days.

Article 43. Those who lease or lend their firearms that are for official duties in violation of the regulations in this law shall be punished according to Article 187 of the Criminal Law.

When a unit has the conduct of the preceding clause, its supervisor and other persons directly in charge shall be punished according to the provisions of the preceding clause.

When a unit equipped with civilian firearms leases or lends its firearms in violation of the regulations in this law and causes serious consequences or other serious incidents, its supervisor and other persons directly in charge shall be punished according to Article 187 of the Criminal Law.

An individual equipped with civilian firearms who leases or lends its firearms in violation of the regulations in this law and who causes serious consequences shall be punished according to Article 163 of the Criminal Law.

In a case where individuals or units lease or lend their firearms in violation of the regulations in this law but if the case is not serious and if the case has yet to constitute a crime, public security organs shall detain the individuals or the supervisors and other persons directly in charge of the units for a period of up to 15 days, and may impose fines of no more than 5,000 yuan. The firearms that are leased or lent out should be confiscated.

Article 44. When an individual or unit has the conduct of any of the following clauses in violation of the regulations in this law, public security organs shall warn or detain the individual or the supervisor and other persons directly in charge of the unit for a period of up to 15 days. If the case has constituted a crime, their



criminal responsibilities shall be investigated according to law:

- (1) They disregarded stipulated technological standards when manufacturing civilian firearms.
- (2) They carried firearms to areas or places where firearms are banned.
- (3) They failed to surrender junk firearms to relevant authorities.
- (4) They failed to promptly report the theft, robbery, or missing of their firearms.
- (5) They manufacture or sell imitated firearms.

When an individual or unit has the conduct of any of the above clauses from (1) to (3), their firearms shall be confiscated and they may have to pay fines of no more than 5,000 yuan. When an individual or unit has the conduct of the above clause (5), public security organs and administrative departments for industry and commerce shall, in accordance with their respective jurisdictions, confiscate the imitated firearms, and may impose fines of no more than five times the value of the imitated firearms. If the case is serious, administrative departments for industry and commerce shall revoke their business licenses.

Article 45. When public security personnel have the conduct of any of the following clauses, their criminal responsibilities shall be investigated according to law. If their behaviors have yet to constitute a crime, they shall receive disciplinary punishment according to the law:

- (1) They allocated or allotted firearms to units and individuals other than those listed in Articles 5 and 6.
- (2) They illegally issued firearms-bearing permits.
- (3) They kept the confiscated firearms for themselves.
- (4) They failed to carry out their duties governing the control of firearms and caused adverse consequences.

#### Chapter VIII. Supplementary Provisions

Article 46. Firearms in this law include various guns that are propelled by gunpowder or pressurized air, and that use tube-like equipment to shoot metal balls or other materials which are powerful enough to injure or kill people or render them unconscious.

Article 47. To launch recreational activities, a unit or individual may be permitted to be equipped with air rifles of no more than 4.5-mm calibers. Public security departments under the State Council shall formulate specific governing provisions.

Together with departments of radio, film and television under the State Council, public security departments under the State Council shall formulate provisions governing stage firearms used in movie and television dramas.

Together with relevant administrative departments under the State Council, public security departments under the State Council shall formulate provisions for museums, memorial halls, and exhibition halls to keep or exhibit firearms.

Article 48. The regulations in this law shall also be applicable to the manufacturing, allocation, sales, and transportation of major parts of firearms and ammunitions.

Article 49. Public security departments under the State Council shall formulate certificates governing firearms.

Article 50. This law shall be effective on 1 October 1996.

#### Appendix:

##### Relevant Legal Clauses

##### Relevant Articles of the Criminal Law

Article 112. Those who illegally manufacture, buy, sell, and transport firearms and ammunitions, or steal or rob firearms and ammunitions from state organs, military and police personnel, or militiamen shall be given an imprisonment term of no more than seven years. If the case is serious the culprits shall be given an imprisonment term of seven years or more or for life.

Article 163. Those who hide firearms and ammunitions without authorization, thereby violating the regulations in this law and who refuse to surrender them shall be given an imprisonment term of no more than two years or be placed under criminal detention.

Article 187. State personnel, because of their neglect of duty, who caused heavy loss to public property and to state and people's interests, shall be given an imprisonment term of no more than five years or be placed under criminal detention.

Relevant provisions of the National People's Congress [NPC] Standing Committee decision on strictly punishing criminal elements seriously endangering public order:

I. The following criminal elements who seriously endanger public order can be given a punishment beyond the most extreme penalty allowable under the regulations of the Criminal Law, up to and including the death penalty:

... [ellipsis as printed]

4. Those who illegally manufacture, buy, sell, and transport firearms and ammunitions, or steal firearms, ammunitions, and explosives, and if the case is very serious, or if it causes serious consequences;

... [ellipsis as printed]

Relevant provisions of the supplementary regulations of the NPC Standing Committee on strictly punishing smuggling crimes:

I. Those who smuggle illicit drugs including opium, weapons, ammunitions, or counterfeit currency shall be given an imprisonment term of seven years or more. Also a fine shall be imposed on them or their property shall be confiscated. If the case is very serious, they shall be given imprisonment for life or the death penalty, and their property shall be confiscated. If the case is not serious, they shall be given an imprisonment term of no more than seven years and a fine shall be imposed on them.

### Science & Technology

#### PRC: Pledged Moratorium on Nuclear Tests Begin 'Effective Today'

HK3007060296 Beijing CHINA DAILY in English  
30 Jul 96 p 1

[By Guo Nei: "China Ceases Nuclear Tests"]

[PTS Transcribed Text for FBIS] The Chinese Government has announced that effective today (July 30), China will begin a pledged moratorium on nuclear tests.

The official statement was issued immediately after the successful conclusion of China's 45th and last nuclear test yesterday.

"Such an important decision by China is not only a response to the appeal of the vast number of non-nuclear weapon states, but also a concrete action to promote nuclear disarmament," the statement said. Over the past three decades since its first nuclear test on 16 October 1964, China has established an effective nuclear self-defence force.

Adhering to its independent foreign policy of peace, China has always stood for the complete prohibition and thorough destruction of nuclear weapons. Historical circumstances compelled China to develop nuclear weapons. For more than a century, the Chinese nation experienced untold suffering and scourges of war inflicted upon it by foreign aggressors.

After the founding of New China, it was still subjected to the threat of war, including that of nuclear weapons. In order to survive and develop, China was left with no other alternative. Our development of a limited nuclear

capability is not aimed at threatening other people, but is solely for self-defence with a view to maintaining independence, sovereignty and territorial integrity, and ensuring a peaceful life for the people.

Moreover, the statement said, China's development of nuclear weapons is to safeguard world peace, counter nuclear blackmail and nuclear threat, prevent nuclear war and ultimately destroy all nuclear weapons.

Since the very first day when China came into possession of nuclear weapons, China has solemnly declared that at no time and under no circumstances will it be the first to use nuclear weapons. China has also undertaken unconditionally not to use or threaten to use nuclear weapons against non-nuclear weapon states or nuclear weapon-free zones. China is the only nuclear weapon state in the world that has made and abided by such commitments, the statement said.

Halting nuclear tests is an important step towards nuclear disarmament. In order to remove once and for all the threat of nuclear war hanging over mankind and achieve lasting peace and universal security throughout the world, the Chinese Government hereby appeals to all the countries, nuclear weapon states in particular, for the following:

— Major nuclear weapon states should abandon their policy of nuclear deterrence. States with huge nuclear arsenals should continue to drastically reduce their nuclear stockpiles.

— All nuclear weapon states should undertake not to be the first to use nuclear weapons at any time and under any circumstances, commit themselves unconditionally not to use or threaten to use nuclear weapons against non-nuclear weapon states or nuclear weapon-free zones, and conclude, at an early date, international legal instruments to such effect.

— States with nuclear weapons deployed outside their borders should withdraw all these weapons. All nuclear weapon states should pledge their support to the establishment of nuclear weapon-free zones, respect their status as such and undertake corresponding obligations.

— No country should develop and deploy space weapon systems or missile defence systems undermining strategic security and stability.

— An international convention on the complete prohibition and thorough destruction of nuclear weapons should be concluded through negotiations with the participation of all states.

If mankind can produce nuclear weapons in the 20th century, it can very well destroy such weapons in the 21st century, the statement said.

**PRC: Leading Insurance Company Signs Contracts on Two Satellites***HK3007062996 Beijing CHINA DAILY in English  
30 Jul 96 p 5*

[By Xu Binglan: "Satellite Launch Gets Insurance"]

[PTS Transcribed Text for FBIS] The leading Chinese insurance company signed \$220 million worth of contracts yesterday on two communications satellites to be launched later this year.

The contracts were agreed between the People's Insurance (Property) Co (PICC Property) and the China Telecommunications Broadcast Satellite Corp (Chinasat).

The two telecommunications satellites are the Dongfanghong 3, developed by the China Academy of Space Technology, and Chinasat 7, a product of the US based Hughes company.

Chinasat 7 is scheduled to be launched in mid-August by China's Long March 3 rocket and Dongfanghong 3 at the end of the year by Long March 3A.

It is the first deal for PICC Property since the transformation of its parent company. Last Tuesday, the People's Insurance Company of China formed a group consisting of three subsidiaries operating property, life insurance and re-insurance businesses.

Yesterday's deal for PICC Property is eye-catching not only because it is the new company's first deal, but also because a series of accidents has occurred in the world's space sector in the last few years.

A Chinese orbiter, also called Dongfanghong 3, was lost soon after launching in November 1994. PICC, which insured the satellite paid 400 million yuan (\$48 million) in compensation.

In January 1995 and February 1996, two Long March rockets carrying satellites exploded casting another shadow over the space sector.

But officials with PICC Property said the company will continue to support the country's aerospace industry. PICC began the business of satellite insurance in 1980 and insured about 20 satellites before its transformation.

"We will use our utmost ability to provide insurance for the businesses of China's space industry to offset the risks," said Sun Xiyue, president of PICC Property.

Sun's company will serve as the main insurer for the new Dongfanghong 3, a substitute for its lost predecessor while serving as one of the leading insurers for the launch of Chinasat 7.

Dongfanghong 3 is insured for \$100 million and Chinasat 7 for \$128 million.

Company officials said that PICC Property will buy re-insurance in the international insurance market through CT Bowring, a Lloyd's insurance broker company.

Officials said the two satellites will be responsible for the relay of the broadcasting of 15 television channels, including some from China Central Television (CCTV), and for the expansion of the country's telecommunications capacity.

Besides these two contracts PICC Property will succeed the former PICC as insurer of several other satellites, including Sino Satellite Communications Co's Sinosat 1 and China Orient Telecomm Satellite Co's Chinasat 1, with a total sum insured of about \$580 million, officials said.

They said that PICC Property with registered capital of 2 billion yuan (\$240 million) and 3,000 branches in the country, now holds the status of the country's top insurer.

**PRC: Southeast Asian Fiber-Optic Cable Operational in Early 1998***HK2607080796 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 10 Jul 96 p 1*

[Report by Long Xin (7893 2946): "Southeast Asian Fiber-Optic Cable Project Starts"]

[PTS Translated Text for FBIS] Beijing, 9 Jul (RENMIN RIBAO) — A memorandum of understanding on a 8,000-km Southeast Asian underground fiber-optic cable project was signed between China, Vietnam, Laos, Thailand, Malaysia, and Singapore not long ago, signalling the official start of this extraordinary project. This is yet another international fiber-optic cable project initiated after China quickened the pace of its merger with the international telecommunications network, and it comes in the wake of the Sino-Japanese underwater cable, the Sino-Korean underwater cable, the Eurasian fiber-optic cable, and the Indian Ocean international fiber-optic cable.

The recent years have seen rapid economic growth in China and various Southeast Asian countries. Exchanges among them have increased with each passing day, along with increasing demand for telecommunications. Presently, the reliance on satellites and a small volume of underwater cable circuits can hardly meet the demand of telecommunications. As a result, the Chinese General Administration of Posts and Telecommunications and Singapore Telecom proposed in May 1994 to set up a Southeast Asian underground fiber-optic cable system.



Laos, Thailand, Malaysia, and Vietnam all approved this proposal.

The Southeast Asian underground fiber-optic cable starts from China, passes through Vietnam, Laos, Thailand, and Malaysia, and terminates in Singapore. It uses advanced fiber-optic digital telecommunication technology — a 2.5Gb/s transmitting system, which is capable of accommodating 30,000 digital circuits. The unused part of the fiber-optic cable system can be used for the trunkline telecommunications of various countries. The various sections of the project are built by each country, which will bear the cost of its own section. Investment in this project is approximately \$400 million, of which China accounts for \$140 million.

The China section of the Southeast Asian fiber-optic cable system starts from Shanghai, runs through Hangzhou, Nanchang, Changsha, Nanning, and Pingxiang, and leaves the border at Youyiguan; another route starts from Guangzhou, passes through Nanning, and terminates in Pingxiang, running 3,900 km.

When the Southeast Asian fiber-optic cable is completed, it can be linked to the Eurasian fiber-optic cable, which is under construction, and to the Indian Ocean international undersea cable system through Singapore. The Southeast Asian fiber-optic cable will be operational in early 1998.

### Military & Public Security

#### PRC: Army Units Urged To Learn From Advanced Enterprises

HK2907010096 Beijing JIEFANGJUN BAO  
in Chinese 6 Jul 96 p 1

[Unattributed commentary: "Seeing Is Believing"]

[PTS Translated Text for FBIS] Some army units have organized officers and men to visit local advanced state enterprises, and such an activity proved useful. Facts have shown this is a good way and method of conducting education in patriotism and dedication. The practice should be popularized and continued.

Since the Third Session of the 11th CPC Central Committee, state enterprises, especially medium-size and large enterprises, have made major contributions to the reform, opening up, and socialist modernization drive; to guaranteeing sustained, rapid, and healthy development of the national economy; and to consolidating the socialist system. There are two well-known sayings: "Actions speak louder than words" and "Seeing is believing." By visiting these enterprises, especially advanced enterprises, we can experience the vitality of reform and opening up through the great changes in en-

terprises, witness the advance of the socialist modernization drive, and be profoundly impressed by the workers' patriotism, dedication, and pioneering spirit through their intense but orderly labor.

It is the fine tradition of our Army's political education to make use of society to conduct a vivid and practical education. All army units must carry forward the tradition in a better way as required by the leadership of the Central Military Commission. In organizing officers and men to visit local units, it is necessary to take actual conditions into account, have a definite objective in view, go to units nearby, make the visit easy, and be selective in choosing the units to be visited. We must also see to it that the visit is integrated with the study of and education in the party's basic theory and line as well as various principles and policies to raise perceptual knowledge to rational knowledge, which will in turn enhance this educational experience.

#### PRC: Shanxi National Defense Mobilization Committee Established

SK2907135396 Taiyuan SHANXI RIBAO in Chinese  
7 Jul 96 p 1

[FBIS Translated Text] Shanxi's National Defense Mobilization Committee was officially established recently.

The membership of the new provincial National Defense Mobilization Committee includes, Hu Fuguo, secretary of the provincial party committee, who serves as first chairman; Sun Wensheng, deputy secretary of the provincial party committee and governor of the province, who serves as chairman; and Dong Yunhai, Chen Deyi, Liu Zemin, Liu Zhenhua, Du Wuan, Xue Jun, and Chen Yutian, provincial party, government, and army leaders, who serve as vice chairmen. The provincial National Defense Mobilization Committee has five subordinate offices: the provincial People's Armed Forces Mobilization Office, the provincial Economic Mobilization Office, the provincial Civil Air Defense Office, the provincial Communications War-Preparedness Office, and the provincial National Defense Mobilization Committee Office.

Chen Deyi, vice chairman of the provincial National Defense Mobilization Committee and political commissar of the provincial military district, urged all levels and departments to enhance their understanding of the importance of national defense mobilization work in the new situation, to have more respect for the overall situation, and to actively probe the new roads for the province's national defense mobilization work with our own characteristics.

**PRC: Motives of Army Paper Articles Examined**

*HK2907092296 Hong Kong CHING PAO in Chinese  
1 Jun 96 No 6, pp 22-24*

[Article by Tsou Wang (6760 2598): "Reason JIEFANGJUN BAO Carried Successive Articles on 'Making A Clear Distinction'"]

[PTS Translated Text for FBIS] Over a period of 41 days which began on 1 April and ended on 11 May, JIEFANGJUN BAO—the organ of mainland China's Central Military Commission—published in a prominent position on its front page a series of nine major articles on the need to clearly draw a number of basic distinctions. The first eight were signed articles by Jie Lixuan (the three characters were probably chosen because they are homonyms for the acronym of "jiefangjun lilun xuanchuanbu," meaning the Theoretical Propaganda Department of the Liberation Army), while the last was a commentator's article, entitled "Clearly Draw Basic Distinctions on Major Questions of Principle," which summed up the points made in the first eight articles.

The publication of these articles, particularly the fact that they were carried in JIEFANGJUN BAO, immediately aroused widespread concern both in China and abroad. All kinds of speculations and conjectures arose. What brought up these articles? Why were they not carried in RENMIN RIBAO, the organ of the CPC Central Committee? Why did RENMIN RIBAO not make any response after their publication in JIEFANGJUN BAO? Does emphasis on these distinctions imply possible changes in the policy of reform and opening up?

**The Underlying Motive: Jiang Zemin on Distinctions**

According to sources in Beijing, these articles did have powerful backing. They were all based on points repeatedly stressed by General Secretary Jiang Zemin in more than 10 speeches made between the second half of 1995 and March 1996. The first of such occasions was understood to be a meeting with foreign envoys. The second occasion was on 2 January when he received cadres at and above the division level on the occasion of the 40th anniversary of JIEFANGJUN BAO. He said the same thing during a panel discussion at the National Conference of Propaganda Directors on 24 January and at a reception for PLA deputies to the Fourth Session of the Eighth NPC in March. According to those present during these meetings, Jiang was not only serious in countenance and careful in his choice of words but also appeared quite worked up every time he dwelled on the subject.

At the panel discussion with propaganda directors on 24 January, Jiang Zemin unequivocally raised the issue of clearly drawing seven basic distinctions when he discussed the need to "arm people with scientific theories." These seven basic distinctions are: "The distinction between Marxism and anti-Marxism; the distinction between common development achieved by a predominant public sector together with diverse economic sectors on the one hand and privatization on the other; the distinction between socialist democracy and Western parliamentary democracy; the distinction between dialectical materialism on the one hand and idealism and metaphysics on the other; the distinction between socialist ideas and decadent feudal and bourgeois ideas; the distinction between learning what is advanced in the West and fawning on things foreign; and the distinction between a civilized and healthy lifestyle and a passive and decadent lifestyle." He called for "a clear-cut stand on questions of principle." "We must not fail to distinguish right from wrong and beauty from ugliness, must not shut our eyes to views which go contrary to the party's stand, and must not allow evil trends and habits which are at variance with the party's aim and discipline to flourish." Jiang regarded all these as essential contents of "stressing politics."

**Strange: Propaganda Departments Have Not Acted**

Jiang repeated these points more than 10 times, yet they were never disclosed in large and small papers or news bodies on the mainland during those months. Even when Xinhua News Agency and RENMIN RIBAO both carried news on 25 January of Jiang Zemin's meeting with participants in the National Conference of Propaganda Directors, nothing was said about the need to draw clear distinctions in the excerpts of Jiang's speech.

On 8 February, RENMIN RIBAO ran the following headline on page four: "Theoretical Research and Propaganda Workers Hold Discussion in Beijing to Learn and Implement the Guidelines of Jiang Zemin's Important Speech." The report said: "In carrying out theoretical studies and propaganda, including the work of making clear some distinctions (CHING PAO Editor: This was the first time RENMIN RIBAO made reference to the question of "distinctions," and please note the omission of the word "basic" in its reference), we must take as our fundamental guideline and theoretical weapon Deng Xiaoping's theory of building socialism with Chinese characteristics, which is the Marxism of contemporary China; conduct study and give answers in a well-substantiated, fair and reasonable way; and give positive guidance.... We must not argue for the sake of arguing and must better serve the overall interests of



the whole party." The discussion was chaired by Zheng Bijian [6774 1801 1017], Executive Deputy Director of the Central Propaganda Department. Apparently nothing was said about what distinctions should be made and how. The stress was on "refraining from arguing for the sake of arguing," a point first raised by Deng Xiaoping when he talked about economic construction during his inspection tour of South China.

On the following day, that is, on 9 February, RENMIN RIBAO carried in the same position on page three a report on a graduation ceremony held at National Defense University for senior and middle-ranking cadres who attended courses there. According to the report, member of the Central Military Commission and Chief of the General Staff Fu Quanyou spoke at the ceremony. He said: "Chairman Jiang Zemin of the Central Military Commission recently emphasized time and again the need for 'leading cadres to attach importance to politics'.... On the question of attaching importance to politics, military cadres, especially senior and middle-ranking cadres, must increase their understanding, make stricter demands and take more conscious actions. They must persevere in arming themselves with Marxism-Leninism-Mao Zedong Thought and Deng Xiaoping's theory of building socialism with Chinese characteristics; consciously safeguard at all times and under all circumstances the leadership authority of the CPC Central Committee and the Central Military Commission with Comrade Jiang Zemin at the core, and maintain a high degree of unity with the CPC Central Committee and the Central Military Commission in politics, ideology and action...." Fu also emphasized the following point: "Senior and middle-ranking cadres of our Army and of organs must set an example in maintaining a firm political direction, and must be clear-cut and unequivocal on major issues of right and wrong. They must be politically strong and must maintain their true political colors."

It will not be difficult to see the difference if we closely examine the two reports.

#### March: QIUSHI's Speaks Out

The first to step out to discuss the question of making clear the basic distinctions was QIUSHI, the bi-weekly journal on politics and theory published by the CPC Central Committee. QIUSHI Issue No.6 published on 16 March carried a signed article by Qi Yu [7871 3768] of the Institute of Party Building under the Organization Department of the Central Committee, entitled: "Making Clear Distinctions between Right and Wrong on Important Questions of Principle."

The article listed for the first time the seven basic distinctions, noting that "they are important questions

of principle because they all have something to do with the questions of upholding or going against the four basic principles, the success or failure of reform and opening up, and whether or not economic construction can develop in a sustained, rapid and healthy way." What is of particular interest to observers is that while emphasizing that Deng Xiaoping's theory is the "Marxism of contemporary China as well as a powerful weapon for guiding socialist modernization in our country," it also positively raises the call to "study and comprehend [this theory] in an all-round, systematic and penetrating way" (which reminds us of the words used by Deng Xiaoping when he called for the scientific treatment of Mao Zedong's theories in the past). At the same time, it also emphasizes that "it is extremely wrong and harmful to treat this theory in a lop-sided and fragmentary way or even to quote it out of context." It would be interesting to know what exactly is meant by treating this theory in a "lop-sided" and "fragmentary way" and what is meant by "quoting it out of context."

#### April: JIEFANGJUN BAO Steps Out

Sources from Beijing also note: In view of the fact that Jiang Zemin had repeatedly emphasized the issue but nothing had been done about it, the Central Military Commission instructed the Theoretical Research Office of the General Political Department and the theoretical research departments of the military regions to form a joint writing group, which spent two months investigating and studying a host of facts regarding the situation at home and abroad and wrote the above-mentioned articles by Jie Lixuan and the JIEFANGJUN BAO commentator. Originally there were only seven major distinctions. Subsequently, in the spirit of the speeches made by Jiang on other occasions, "the distinction between wholeheartedly serving the people on the one hand and extreme individualism and abusing one's power for personal gains on the other" was added to highlight the anti-corruption call. This became the eighth distinction.

The aim of the article was reflected in the following passage: "We must uphold dialectics and oppose metaphysics, guard against and prevent interference from erroneous 'Leftist' and rightist tendencies, and refrain from arguing for the sake of arguing. At the same time, we must take a clear-cut stand and refute 'false reasonings' in the light of basic theories. We must resolutely resist, criticize and rectify those things that are erroneous and decadent, and must not allow them to spread unchecked." We can say that this tries to maintain a balance between both sides.



**Commentary: An Inevitable Trend**

Many people of insight who have read these articles are of the following opinion: The basic distinctions which the article emphasized are by no means undirected and unsubstantiated, but neither should they be taken as signs of a 'Leftist' deviation. Rather, it is part and parcel of the call to uphold Deng Xiaoping's theory and the idea of attaching importance to politics, "an inevitable trend in building socialism with Chinese characteristics." As regards the practice of "one country, two systems" in Hong Kong after 1997, it appears that there is no real need for the people of Hong Kong to worry too much because in the practice of socialism on the mainland, Deng Xiaoping first raised the issue and repeatedly emphasized the importance of "four upholdings" and now Jiang Zemin had been stressing the importance of making clear the basic distinctions.

As far as its practical implications are concerned, Beijing observers have pointed out: Some people have, through the domestic and foreign media, publicized talks about "bidding farewell to revolution," declaring that all forms of revolution, including peasant uprisings in feudal societies, bourgeois reforms and Dr Sun Yat-sen's democratic revolution, are harmful and undesirable. They denigrated Marxism and Leninism as utopian and claimed that the Second International had brought vitality to Eastern Europe. They tried to reverse the verdicts on and even glorify evil and traitorous persons like Feng Dao [7458 6670], Hong Chengchou [3163 2110 3985], Wu Sangui [0702 0005 2710], the Empress Dowager Ci Xi [1964 4406], Yuan Shikai [5913 0013 0418], and Zhou Zuoren [0719 0155 0086], preaching the reason behind "the birth of traitors." Some of them even flagrantly preached all kinds of absurd views, such as, one cannot become rich and prosperous unless one is selfish and insincere and prostitutes oneself, that "extravagance and waste are all means of securing business deals and investments," that "the three kinds of sex services are all for the improvement of the investment environment," that "corruption promotes sales," and "anti-corruption will affect reform and opening up." Some people even advocated "dividing state assets among individuals" and practicing private ownership of the means of production. Some counties even proudly advertised the fact that they had no state enterprises at all. In the presence of such confusion and hubbub on ideological and theoretical issues, failure to make clear the distinctions between right and wrong, beauty and ugliness, goodness and evil, and truth and falsehood will not only render the building of socialism with Chinese characteristics mere idle talk, but will

make it impossible to sustain China's efforts at reform and opening up.

**PRC: Gansu Sentences Teacher to Death for Killing Pupils**

SK3007051796 *Lanzhou GANSU RIBAO in Chinese*  
14 Jul 96 p 1

[FBIS Translated Excerpt] On 29 June, the Pingliang Prefectural Intermediate People's Court heard the case of Zhang Xinde, who killed pupils. In the first trial, Zhang Xinde was sentenced to death on a charge of intentional murder, with his political rights deprived for life.

The accused, 33-year-old Zhang Xinde, was a primary school teacher in Ganjiagou in Jingchuan County's Chengguan Town. He harbored the evil idea of killing pupils because of being unable to satisfy his selfish desire. On 16 June, the accused used the opportunity of making up missed lessons to kill three pupils and poison 15 pupils. [passage omitted]

**PRC: Guizhou 'Strike-Hard' Campaign Results Assessed**

OW2907160396 *Guiyang GUIZHOU RIBAO*  
in Chinese 20 Jul 96 p 1

[Article by GUIZHOU RIBAO reporters Wen Jiansheng and Luo Huashan: "Bring Into Play the Functions of Trial To Severely Punish Criminal Elements — The Guizhou Provincial Higher People's Court Gives Briefing on the First and Second-Stage 'Strike Hard' Struggle"]

[FBIS Translated Text] The Guizhou Provincial Higher People's Court held a news briefing in Guizhou on 18 July to report on the result of the first- and second-stage 'strike-hard' struggle launched by the provincial court system.

Between 20 and 30 June, courts in various parts of the province accepted 4,834 new criminal cases and concluded 4,737 of them, showing an increase of 64.09 percent and 54.15 percent, respectively, over the same period last year. They sentenced a large number of criminal elements who committed heinous crimes to death, thereby dealing a heavy blow to the arrogance of criminals.

Li Tairong, vice president of the provincial higher people's court, said that courts at all levels adopted the following forceful measures in the "strike-hard" struggle: first, in-depth mobilization and timely deployment; second, meticulous organization, strengthened leadership, and vigorous implementation; third, focusing on

selected targets, vigorously speeding up trial, and meting out heavy punishment.

At the same time, courts at all levels earnestly implemented the policy of combining lenience with harsh punishment. In reviewing the verdicts, courts in the province gave lenient sentences to criminals sentenced to death for surrendering themselves to the authorities and exposing other criminals in the process; and fourth, holding mass sentencing rallies to create a momentum for the "strike-hard" struggle and expand the social effects of case handling.

While strengthening the "strike-hard" struggle, courts at all levels in the province also adopted various measures, such as holding public trials, using cases to publicize the law, and taking to the streets for legal consultation, to publicize the legal system. They actively launched drives to encourage people to make judicial suggestions and extend the work of comprehensive management of problems of public order.

**PRC: Heilongjiang Holds Meeting on 'Strike Hard' Struggle**

*SK3007075696 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 29 Jul 96*

[FBIS Translated Text] At a provincial meeting on developing the strike hard struggle, grass-roots work, and basic work for the comprehensive management of public security in a deepened and sustained manner, which was held on 29 July, Wang Jiangong, deputy secretary of the provincial party committee and secretary of the provincial political and legal commission, urged all quarters to pay attention to the strike hard struggle on the one hand, and pay attention to the grass-roots work and basic work on the other hand with a view to creating a more stable social environment for reform and construction.

In his speech, Wang Jiangong first affirmed Heilongjiang's performance in the strike hard struggle.

In the meantime, he pointed out that the following are the overall requirements of the provincial party committee and government: The thinking for the strike hard struggle cannot be relaxed; the principle of the strike hard struggle cannot be changed; the momentum for the strike hard struggle cannot be reduced; and the results of the strike hard struggle should be stepped up. On the other hand, we should also pay attention to the grass-roots work and basic work for the comprehensive management of public security with a view to making breakthroughs in achieving a number of goals.

Wang Jiangong pointed out: The provincial party committee and government decided that from today until the end of August, the third battle of the strike hard struggle will be developed throughout the province. The third battle will still focus on resolving major cases, smashing cliques, and seizing criminals on the run. All localities and departments should focus on this key point, stipulate feasible measures with a view to resolving more major and serious criminal cases, and smashing more criminal cliques and gangsters. As regards the ugly social phenomena such as producing and selling pornography products, prostitution, and organized gambling parties, we should take measures to eliminate them in order to check their momentum to develop.

Wang Jiangong emphasized: Currently and in the periods hereafter, we should insist on the principle of resolving the most conspicuous problems and rectifying the places with the worst public security, and organize and develop special struggles and administration in a timely and effective manner. While doing this, the key point is the grass-roots work and basic work of the comprehensive management of public security. By so doing, good public security and order can be established.

Vice Governor Wang Zhenchuan presided over the meeting.

**General****PRC: Railway Resumes Transportation After 8-Day Breakdown***OW2707135496 Beijing XINHUA in English  
1340 GMT 27 Jul 96*

[FBIS Transcribed Text] Urumqi, July 27 (XINHUA) — The Lanzhou-Urumqi Railway, one of the most important traffic lines linking northwest China's Xinjiang with the hinterland, re-opened for traffic at six p.m. today after an 8-day breakdown.

In the early hours of July 20, rare heavy floodwaters swept down a mountain near the Turpan-Urumqi section of the railway, damaging 34 sections of the railway, paralyzing all telecommunication lines and destroying a number of roadbeds in the area.

A 350-meter-long section of track was suspended in air, while the Baiyanghe railway bridge, on the eastern edge of the Tianshan Mountains, was submerged.

Traffic was halted at 10 o'clock that morning, and transportation between the Xinjiang Uygur Autonomous Region and the inland areas was cut off.

Fifty passenger and cargo trains were blocked, and nearly 10,000 travelers were stranded in the local area.

The Urumqi Railway Bureau, under the leadership of the Ministry of Railways and other departments, sent road-repair equipment and more than 10,000 workers to the area.

The damaged railways have been paved with new roadbeds and tracks. No casualties were reported.

**PRC: Zhu Rongji Meets Heads of Insurance Companies***OW2907033496 Beijing XINHUA Domestic Service  
in Chinese 1201 GMT 28 Jul 96*

[FBIS Translated Text] Beijing, 26 Jul (XINHUA) — The People's Insurance (Group) Company of China today signed responsibility contracts with three of its subsidiary corporations specializing in property insurance, life insurance, and reinsurance. The three subsidiary corporations, in turn, signed responsibility contracts with their subsidiary companies today. The contracts aim at remarkably improving business quality and increasing premium incomes by 15 percent.

Growing out of the People's Insurance Company of China, the People's Insurance (Group) Company of China, has had the lead in China's insurance market over many years in the past. Last year, its premium income accounted for 82.8 percent of 65.3 billion yuan, the country's total. With the accelerating diversification

of the insurance market's main body, the company and its subsidiaries can no longer content themselves with being the "largest and oldest" ones.

Their practical and standardized operational procedures can be reflected in the responsibility contracts signed: property insurance companies should pay attention to the unified management of high-risk insurance business and the improvement of partial reinsurance mechanism; life insurance companies should pay attention to introducing new kinds of insurance coverage and reshaping old kinds of insurance coverage; and reinsurance companies should provide risk guarantee for property and life companies by utilizing their technical advantages.

A four-day meeting, attended by presidents of nationwide insurance companies under the People's Insurance (Group) Company of China, also ended today with the signing of these contracts. During the meeting, Zhu Rongji, standing member of the CPC Central Committee and vice premier of the State Council, met with all the meeting attendees.

**PRC: Beijing Secretary Urges Interregional Economic Cooperation***OW2907054596 Beijing XINHUA Domestic Service  
in Chinese 1322 GMT 17 Jul 96*

[By reporter Yang Qing (2799 7230)]

[FBIS Translated Text] Beijing, 17 Jul (XINHUA) — Wei Jianxing, member of the CPC Central Committee Political Bureau and secretary of the Beijing municipal party committee, said today: Beijing should rely on the support of people throughout the country for its development. We should vigorously strengthen regional cooperation between provinces and municipalities, and extensively conduct multilayer economic and technological exchanges.

A discussion meeting on mutual support and economic cooperation between Beijing Municipality and Inner Mongolia Autonomous Region was held in Beijing today. Liu Mingzu, secretary of the Inner Mongolia Autonomous Regional CPC Committee, and Beijing Mayor Li Qiyang attended the meeting. During the discussion, Wei Jianxing said: Beijing and Inner Mongolia are close neighbors. Over the years, the party committee, government, and people of Inner Mongolia Autonomous Region have vigorously helped and supported Beijing. Since Beijing has limited urban areas and little resources, it must rely on the support of people throughout the country for its development. Therefore, Beijing should earnestly strengthen regional cooperation. He expressed the hope that the meeting would promote cooperation and exchanges between Beijing and Inner Mon-



golia in many areas, such as city administration, economic development, party building, and spiritual civilization. He also indicated: Beijing should humbly learn from its fraternal provinces and municipalities, and work hard to improve work in all aspects.

It is understood that for 17 years, Inner Mongolia Autonomous Region and Beijing have provided mutual support to each other and have achieved successes in strengthening cooperation and economic development. In the "Eighth Five-Year Plan" period alone, both sides signed 352 contracts and agreements, and made investments or provided financial assistance totaling 1.75 billion yuan. Twelve Beijing districts and counties established relations with 12 leagues and cities in Inner Mongolia, by which they provided mutual support to each other. The meeting was held to discuss joint cooperation in various fields between the municipality and autonomous region in the "Ninth Five-Year plan" period.

**PRC: Steady Growth in Energy Industry Reported**  
OW2607142996 Beijing XINHUA in English  
0631 GMT 26 Jul 96

[FBIS Transcribed Text] Beijing, July 26 (XINHUA) — China registered a steady growth in its energy industry in the first half of this year, according to figures provided by the State Statistical Bureau.

Production of coal reached 673.62 million tons in the January- June period, 8.28 percent more than the same period of last year.

The output of crude oil climbed 7.1 percent to 78.32 million tons and that of natural gas increased 13.61 percent to 9.71 billion cubic metres.

Power generation also went up by 7.77 percent to 510.9 billion kwh.

**PRC: Audit of Collectively-Owned Assets Planned**  
OW2607153296 Beijing XINHUA in English  
1454 GMT 26 Jul 96

[FBIS Transcribed Text] Beijing, July 26 (XINHUA) — China will begin a drive this year to determine the asset value and check up its structure and efficiency of urban collectively-owned enterprises and units.

According to a recent State Council notice, the campaign covers all collectively-owned enterprises registered with industrial and commercial administrations at all levels and departments, and also units that run collectively-owned assets in various forms.

It is designed to produce more accurate data on the asset value and structure, as well as the economic

performance of urban collectively-owned enterprises and units, the notice says.

The effort, which is also meant to help improve property management and economic reforms and development in the collectively- owned sector, will focus on securing detailed data on collectively- owned assets, sorting out creditors and debtors, re-evaluating the major fixed assets, and defining and registering property rights.

"The eventual objective is to solve the problem of an unclear record of the status quo of property value and make-up in the collectively-owned sector and thereby halt the wasting and loss of property," the notice says.

It points out that such an effort, to be supervised by the Ministry of Finance, the State Economic and Foreign Trade Commission (SEFTC), and the State Administration of Taxation (SAT), will help build a solid foundation for the reform and development of the collectively-owned enterprises and for the establishment of a modern corporate system.

Arrangements for the project were made at a joint meeting of the Ministry of Finance, the SEFTC and SAT, the notice adds.

**PRC: Plans To Develop Western Parts Outlined**  
OW2607135996 Beijing XINHUA in English  
0804 GMT 26 Jul 96

[FBIS Transcribed Text] Beijing, July 26 (XINHUA) — China has drawn up detailed plans to speed up economic development in the country's western parts, an official from the State Planning Commission revealed today.

When the plan is fully implemented, it will narrow the gap between economically developed coastal eastern China, and the underdeveloped western part, said Jin Ping, head of the strategic development division under the State Planning Commission.

The development strategy comprises construction of railways, highways, telecommunication facilities, infrastructure and the establishment of new agricultural and industrial bases.

Key projects planned for the forthcoming five years include construction of a railway line linking Nanning, capital of Guangxi Zhuang Autonomous Region, and Kunming, capital of Yunnan Province, and a 1,000-km-long double-track railway line between Guiyang, capital of Guizhou Province, and Zhuzhou, a city in southern Hunan Province, and upgrading of a railway section between Guiyang and Kunming.

Meanwhile, a 1,000-km-long railway line connecting Xian, capital of Shaanxi Province, with Nanjing, capital

of Jiangsu Province, will be built to cope with growing freight transport.

A high-grade highway between Lianyungang, a port city in Jiangsu, and Xinjiang's Horgos is expected to be operational by the year 2000.

Other key projects listed in the Five-Year Plan are renovation of existing Sichuan-Tibet highway, and airports at Urumqi, Nanning, Guilin, Yinchuan and Guiyang.

Meanwhile, China is building or will build eight telecommunication trunk lines spanning north and south China and another eight trunk lines striding east to west.

Provinces in western China have been greatly inspired by increased government allocations to them, and the approval of a plan to accelerate exploitation of oil resources at Tarim, Junggar and Turpan basins, said Hu Angang, a noted Chinese economist, in an interview with XINHUA.

Western China commands 90 percent of rare earth, sylvite and magnesium reserves in China. It is rich in oil and natural gas resources which will turn the region into an energy powerhouse of the future.

The state plans to build a heavy calcium plant with an annual output of 400,000 tons in Yunnan, and another calcium plant with a capacity of 800,000 tons in Guizhou, a nitrogenous fertilizer plant which uses natural gas as a raw material in Xinjiang, and a potash fertilizer plant with a designed annual production capacity of 800,000 tons in Qinghai Province.

Projects to be built in the western part will enjoy priority in obtaining government approval and the use of funds, Jin said.

Western China's slice of the 13 trillion yuan total state investment in the Ninth Five-Year Plan (1996-2000) will be increased by a big margin.

East-West cooperation will be an important factor for the economic take-off of western China, Jin said.

In the next five years, China's largest industrial center of Shanghai and some large cities in Guangdong will build textile mills, with 500,000 spindles at cotton producing areas in the western region. New sugar refineries will be set up in Guangxi, Yunnan and Xinjiang.

A number of coastal cities have already forged economic and trade ties with provinces in the western region.

The Chinese government pledges that the gap between the eastern and western China will not be enlarged in the next five years and will be gradually narrowed in the next century.

## Finance & Banking

### PRC: Savings Deposits at CCB Expected To Hit Record High

HK2907084696 Beijing CHINA DAILY in English  
29 Jul 96 p 5

[By Xu Binglan: "Deposits At CCB To Reach High"]

[PTS Transcribed Text for FBIS] Savings deposits in the China Construction Bank (CCB) are expected to hit a record high of 1,000 billion yuan (\$120 billion) after rapid growth in the first half of the year.

By the end of June, the bank's savings deposits topped 920 billion yuan (\$110 billion), 167 billion yuan (\$20 billion) more than at the beginning of the year. The steady growth is expected to continue in the second half of the year, bank officials said.

The savings growth resulted in an increased number of loans from the bank, the country's chief lender for fixed-assets investment.

Outstanding loans reached 749 billion yuan (\$90 billion) by June 30, up 41.6 billion yuan (\$5 billion) since the beginning of the year.

During the first six months, the bank's loans for basic construction projects grew 8.6 per cent more than during last year's corresponding period.

About 60 per cent of the planned 10.3 billion yuan (\$1.24 billion) in loans for this year's major basic construction projects have been provided.

Working-capital loans saw the fastest growth. About 36 billion yuan (\$4.36 billion) in new loans for this purpose was lent, accounting for 79 per cent of the year's planned amount.

During the year's first half, the bank provided about 6.8 billion yuan (\$819 million) in special loans for cash-strapped large and medium-sized State-owned enterprises.

The State-owned commercial bank signed contracts with 31 key large-sized State-owned enterprises earlier this month promising another 6.7 billion yuan (\$800 million) in loans for the enterprises.

Bank officials said the deal reflected CCB's new strategy to establish partnership relations with key industries such as power, petrochemical, telecommunications and promising profit-making enterprises in these industries.

They said that the bank's loans will focus on these industries and enterprises to support ongoing economic reforms geared to the adoption of a market-based operation.

Close ties are being developed between the bank and about 100 powerful large- and medium-sized State-owned enterprises including Shanghai Baoshan Iron and Steel Corp, China Huaneng Group, First Automotive Works, China Petrochemical Corp, China United Telecommunication Corp and Haier Group, a major home-appliance manufacturer.

Last month, the bank lent 1.67 billion yuan (\$200 million) as working capital to some of these enterprises.

**PRC: Bank Takes Steps To Promote State-Owned Enterprise Reform**

HK2907071296 Beijing RENMIN RIBAO in Chinese  
26 Jun 96 p 2

[Unattributed report: "People's Bank of China Promulgates 10 Measures for Monetary Services To Promote Reform and Development in State-Owned Medium-Size and Large Enterprises"]

[PTS Translated Text for FBIS] Beijing, 25 Jun (RENMIN RIBAO) — To promote reform and development of state-owned medium-size and large enterprises, the People's Bank of China issued a circular to all financial organizations not long ago outlining 10 measures for improving financial services to state-owned medium-size and large enterprises. The measures are as follows:

— Appropriately amassing funds to support key enterprises in their rational demands for funds. State-owned commercial banks must enthusiastically support the demand for loans for circulation funds of state-owned medium-size and large enterprises whose products are marketable, that are effective, and that will not divert the loans, while being able to pay the principal and interest. It is imperative to do a good job of credit service for 300 key state-owned enterprises. Regarding loans to large enterprises, they can be gathered step by step at the general bank or its branches at large and medium-size cities for their direct examination and handling to guarantee prompt delivery of funds. As for loans involving relatively large sums, the People's Bank or commercial banks that make loans more frequently may be in charge of organizing loans by financial groups.

— Easing commodity circulation channels to support enterprises in expanding exports; enthusiastically supporting state-owned large and medium-size enterprises in expanding product marketing; promoting industrial commodities in the countryside; and supporting pilot projects where enterprises act as agents for the sale of materials and equipment. It is imperative to give priority to supporting state-owned medium-size and large enterprises that produce export products. It is also necessary to actively support their commodity production, if this involves low costs in acquiring foreign exchange and if

their products are marketable, and the circulation funds they need for procurement. Credit for exports will be appropriately expanded; financing such trade items as outward documentation and packing credit will be further expanded to promote the export of electrical machinery, especially complete sets of equipment; enterprises contracting overseas projects with capital will be supported.

— Applying the credit lever to support state-owned medium-size and large enterprises in improving their technological level.

— Supporting enterprises in optimizing their capital structure; gradually lowering their level of debt. With regard to cities conducting pilot projects and key enterprises determined by the State Council, banks must promote the acquisition of state-owned industrial enterprises that have difficulties by other state-owned enterprises that enjoy financial advantages, while handling related procedures, including interest exemption and interest suspension, in accordance with the regulations of the People's Bank of China. Regarding those enterprises that really have difficulties in repaying existing debts, the bank must negotiate with them on an equal basis to reorganize the debts based on relevant regulations. As for the small number of state-owned enterprises that are unable to repay due debts, it is necessary to support their declaration of bankruptcy in accordance with legal procedures. Relevant People's Bank branches must participate in claims-settling groups. Regarding those enterprises that have declared bankruptcy according to the law, the bank must actively cancel bad debts after verification according to state regulations.

— Gradually pushing a system under which a bank is responsible for certain enterprises in order to forge a close relationship between the bank and the enterprise.

— Doing a good job of settling accounts, accelerating clearing of funds.

— Using the interest lever; promoting improvement in operation and management. Further completing and perfecting the method of managing floating interest rates. Those trades, enterprises, and products that are given priority in supporting their development based on the state industrial policy, as well as those enterprises that have a comparatively high credit rating, a relatively low balance sheet ratio, and a small increase in accounts receivable, will be given lower, fixed, or relatively fixed interest rates. For those enterprises that are restricted in their development based on industrial policy, whose credit grade is comparatively poor, that are overstocked with products, and that have excessive accounts receivable, an upward float must be implemented.



— Helping enterprises widen the channel of funds accommodation; appropriately developing direct accommodation of funds. In some localities where conditions are better, a small number of state-owned medium-size and large enterprises with relatively good reputations are allowed to issue short-term one-year enterprise bonds to resolve the need for circulation funds necessary for production with the approval of the People's Bank of China. At the same time, it is necessary to expand operation in the acceptance of bills and to discount those commercial bills that conform to the conditions.

— Opening new service items to meet the varied needs of modern enterprises.

— Strengthening control over credit funds; improving quality of credit assets.

#### **PRC: Shanghai Financial Sector Reports Healthy Growth**

*OW2607020296 Beijing XINHUA in English  
0145 GMT 26 Jul 96*

[FBIS Transcribed Text] Shanghai, July 26 (XINHUA) — Shanghai, China's largest economic center, has scored healthy and steady growth in its financial sector during the first half of the year, according to local government statistics.

The local banking sector has provided about two billion yuan more in credit through June 30 compared with the same period last year, as banks beefed up efforts to provide better financing for large and medium-sized state enterprises.

Half of the loans from the Shanghai Branch of the Industrial and Commercial Bank during this period went to the state sector, backbone industries, and efficient profitable enterprises, 87 percent of that being for operating capital, providing considerable relief for their capital shortage.

Savings deposits were up nearly 37 billion yuan from the beginning of the year, representing an increase of almost 90 percent.

The capital market in Shanghai is active and heading for an upturn after a long correctional period. The volume increased almost 208.3 billion yuan for the first six months this year, nearly two-thirds greater than the same period last year.

Some 336.1 billion yuan worth of treasury bond were traded during this period, more than triple last year's figure.

Inter-bank lending and borrowing has also gone smoothly and trading is normal since early this year,

with capital pooled by the Shanghai fund-raising center hitting 79.3 billion yuan for the first half.

The local foreign exchange transaction center reported a volume of 29.71 billion US dollars traded for the six-month period, and Shanghai's financial sector continues to open wider to overseas financiers, with 41 foreign banks having opened branches and 143 representative offices already having opened in the municipality by the end of June.

#### **Foreign Trade & Investment**

##### **PRC: Warner Home Video Gains Access to Audiovisual Market**

*OW2907143896 Beijing XINHUA in English  
1303 GMT 29 Jul 96*

[FBIS Transcribed Text] Beijing, July 29 (XINHUA) — America's most famous cartoon characters from the home of Warner Studios are to make their official Chinese debut under a deal signed today in Beijing.

A Chinese company is to officially distribute the video products of Warner in China, and provide copyright protection for them.

Under an agreement signed between China's Shenzhen Advanced Science Enterprise Group and Warner Home Video, the Chinese company will receive films from the US side and then choose and send them for government approval. After approval is given the enterprise group will make compact discs of the films and sell them to Chinese buyers.

The films to be provided by the Warner Home Video will include Oscar-winning feature films and cartoon movies. The two sides will share profits from the sale of the CDs under the agreement.

A spokesman for the Chinese firm said that the contract is one of the largest deals in the video-audio sector between the US and China, representing a progress after the two countries reached an agreement on intellectual property rights.

##### **PRC: Nokia Expanding GSM Network in Zhejiang**

*OW2907140796 Beijing XINHUA in English  
1311 GMT 29 Jul 96*

[FBIS Transcribed Text] Beijing, July 29 (XINHUA) — Beijing Nokia Mobile Telecommunications Ltd. is to expand the GSM digital cellular network in east China's Zhejiang Province.

The company has signed an agreement with Zhejiang Post and Telecommunications Administration, worth over 25 million US dollars.

Finland's Nokia Company won the agreement for the first phase of the province's GSM network in 1995. The network now covers the province's Wenzhou and Taizhou regions, as well as Ningbo City, one of the country's busiest harbors.

The expansion will increase the capacity of the Nokia-supplied network in the province to approximately 280,000 subscribers.

Nokia will supply the Zhejiang Post and Telecommunications Administration with its DX 200 switching technology, base station controllers and network management system expansions. Also included in the deal are GSM base stations which will be manufactured and delivered locally by Beijing Nokia Mobile Telecommunications.

Beijing Nokia Mobile Telecommunications Ltd. is a joint venture between Beijing Telecommunications Equipment Factory of Ministry of Posts and Telecommunications and Nokia, a Finland-based telecommunications group.

**PRC: Beijing To Issue New Tax Register**  
*OW2607094196 Beijing XINHUA in English*  
*0747 GMT 26 Jul 96*

[FBIS Transcribed Text] Beijing, July 26 (XINHUA) — The state administration of taxation in China's capital, Beijing, is to issue a uniform tax register to foreign-funded enterprises and foreign-related enterprises from August 1.

Officials at the the Beijing State Administration of Taxation listed enterprises requiring to change their tax registers. They include foreign-funded enterprises registered with the municipal industrial and commercial administration, and local branches of the overseas enterprises, and their subsidiaries in Beijing, and local branches of the foreign-funded enterprises in other provinces and regions.

Before registering with the National Tax Administration, the enterprises need to get a uniformed code for the country's organizations and institutions from the state technological supervision authority.

The number of foreign-funded enterprises in Beijing had topped 15,000 in the first half of this year.

**PRC: NPC Delegation Leaves for Iran, Tunisia, Libya**

*OW2507103496 Beijing XINHUA in English*  
*0925 GMT 25 Jul 96*

[FBIS Transcribed Text] Beijing, July 25 (XINHUA) — A delegation of China's National People's Congress

[NPC] Foreign Affairs Committee headed by its Vice-Chairman Zhu Qizhen left Beijing today for a two-week goodwill visit to Iran, Tunisia and Libya.

The 6-member delegation was invited by the Foreign Affairs Commission of the Islamic Consultative Assembly of Iran, the National Assembly of Tunisia and General People's Congress of Libya.

**PRC: Zou Jiahua Inspects Tianjin, Discusses Economic Development**

*OW2907142396 Beijing XINHUA Domestic Service*  
*in Chinese 1328 GMT 24 Jul 96*

[By reporter Zhang Juncheng (1728 0193 2052)]

[FBIS Translated Text] Tianjin, 24 Jul (XINHUA)— While inspecting Tianjin recently, Zou Jiahua, member of the CPC Central Committee Political Bureau and vice premier of the State Council, pointed out: To develop the economy, we should first study market demand. State-owned enterprises should intensify reform and adapt to market demand as quickly as possible. They should strive to tap new markets through technological progress, product innovation, and other measures.

Accompanied separately by Gao Dezhan, secretary of the Tianjin municipal party committee, and Mayor Zhang Lichang, from 21 to 24 July Comrade Zou Jiahua inspected Tianjin Internal-Combustion Engine Factory, Tianjin Compact Car Plant, Tianjin Steel Tube Company, and other enterprises, as well as Tianjin Port and the Tianjin Economic and Technology Development Zone. He had conversations with cadres, workers, and staff members of state-owned enterprises, and held discussion meetings with Tianjin municipal leaders on the issue of economic development. He affirmed Tianjin Municipality's work and ideas for development.

Comrade Zou Jiahua pointed out: At present, we should devote great efforts to studying and developing markets and should meet market demand during the course of economic development. A locality must restructure the industry or reorganize enterprises around the core of the market. An enterprise must always keep the market in mind when developing products and upgrading technology. It is necessary to take market demand into full consideration when deciding whether, when, and how to launch a project. We should proceed from reality and correctly handle the relations between scale and returns. We should not put undue emphasis on scale. We should pay attention to achieving returns through proper scale, but more importantly, we should pay attention to finding the scale that yields returns. In other words, we should take into account market demand, the availability of funds, and both present and long-term developments



to determine a rational economic scale and achieve the biggest possible returns.

On the issue of reversing the losses incurred by enterprises, Zou Jiahua pointed out: Reversing enterprises' losses is an important way to effect the "two fundamental changes [changes in the economic system and economic growth mode], and a major issue that has a bearing on economic development and social stability. We must devote great efforts to resolving it. Generally speaking, enterprises' losses are brought on by problems related to leading bodies, lack of products that meet market demand or that are marketable, lax management, outmoded technology, heavy social burdens, and other problems. Therefore, the solution is to proceed from reality, apply different strategies for different factories, and adopt measures tailored to problems, such as reform, transformation, reorganization, and tighter management.

Zou Jiahua also pointed out: While developing infrastructure and basic industries, we should also pay attention to harnessing Tianjin's previous strengths in light and textile industries, foodstuffs, medicine, and other sectors, and develop quality, low-priced products that satisfy market demand. Projects launched in connection with these sectors require less capital and short construction cycles and yield high returns. They can help us accumulate lots of funds and accelerate infrastructure construction.

Accompanying Comrade Zou Jiahua on the inspection tour of Tianjin were responsible persons from the State Planning Commission and the State Economic and Trade Commission.

#### **PRC: Tianjin Expands Bidding System for Overseas Purchases**

OW2907130396 Beijing XINHUA in English  
1231 GMT 29 Jul 96

[FBIS Transcribed Text] Tianjin, July 29 (XINHUA) — This leading industrial city of north China plans to use the bidding system, first introduced into the city in 1986, in a much broader way for purchasing machinery and electrical products from abroad.

Over the past decade, the city has put some 370 projects, valued at five billion yuan, up for bidding, saving Tianjin 44 million US dollars and 50 million yuan.

Li Qizheng, director of Tianjin's Bidding Bureau, says that the bidding system allows the city to attract more overseas business people, which helps introduce overseas funds and halt unfair business practices in the purchase of machinery and electric products.

## **Agriculture**

**PRC: Article Views Rural Economy in 1995, Part 2**  
HK2907083196 Beijing NONGMIN RIBAO  
in Chinese 15 May 96 p 3

[Article by Hu Biliang (5170 1801 0081) and Li Jiaguo (2621 1367 0948): "Brief Analysis of Rural Economic Situation and Policies in 1995—Second and Final Part"]

[PTS Translated Text for FBIS]

### **III. Economic Policies**

In 1995, the central government paid special attention to developing agriculture and increasing effective supply of agricultural products as the key in curbing inflation. It formulated a series of policy measures aimed at promoting production and increasing supply, among which the policies associated with grain and cotton were the most important ones. 1. The "governor's responsibility system" for the balance of grain supply and demand

This agricultural policy was newly promulgated in 1995. It emphasizes that the provincial government, especially the head of the provincial government, should make a good job of the balance of grain supply and demand in the province. That is why this policy's full name is "the system of provincial governors assuming responsibility for grain and the policy for regional balance under macroregulation and control."

The proposal for this policy was first put forward by General Secretary Jiang Zemin at the central rural work conference in 1995. Soon afterward, in his "Government Work Report," Premier Li Peng gave further explanation of the idea of introducing a provincial governor's "rice sack" responsibility system as a key measure to solve the problem with grain. He pointed out: By taking responsibility for the "rice sack," the provincial governor must make a good job of the grain supply in his province in the following five respects: guaranteeing the required size of sown area, boosting the per unit area yield, increasing the reserve, regulating supply and demand, and stabilizing the prices. Thereupon, the basic framework for the governor's responsibility system for grain was established.

The party center and the State Council put forward this policy measure for the following three main purposes: First, this would enhance local governments' sense of responsibility for agriculture and reverse the situation whereby many regions, especially coastal provinces, had neglected agriculture and channelled much of the already very limited agricultural resources (including farmland, agricultural funds, and agricultural labor) out



of the agricultural sector, causing continuous decrease in grain output, especially that of paddy rice. This would be a compulsory administrative means demanding local governments solve any problem with the balance of grain supply and demand in their respective provinces. Second, with this policy, the agricultural and peasants' interests could be protected through regional grain price protection policies without adding to the burden on the back of the central treasury. Third, this was an attempt to strengthen the interaction between grain-producing provinces and those suffering shortage of grain and encourage a national unified grain market to grow gradually.

The content of the "governor's responsibility system" for grain mainly covers the following points: Point one, all provinces should accomplish the quotas for order-purchasing grain that the central government has assigned them. Though the central government will not collect the grain so acquired, the quotas must be fulfilled. Point two, each province should try to solve any problem with the balance of grain supply and demand within itself. If the supply exceeds demand, the province should find marketing channels itself; and if the supply falls short of demand, it should make arrangements to buy from other provinces. The central government shall stop making direct arrangements for the purchasing, marketing, and transfer of grain for individual provinces. Point three, the central government shall exercise unified management of the import, export, and special state reserve of grain. 2. The "governor's responsibility system" for cotton and the raising of cotton purchasing price

In 1995, in order to check the continuous decline in cotton output and the further deterioration of the difficulty in purchasing over the previous years, the central government also clearly put forward the concept of "governor's responsibility system" for cotton. The content of this concept was to use administrative means to demand all local governments firmly implement the central government's policy of "three non deregulations" (i.e., non-regulation of prices, market, and management) to ensure centralized state management of cotton production and management.

On the other hand, in order to encourage cotton growers to produce and sell cotton to the state and restrict any further development of other forms of transactions in cotton, the central government made a decision to further raise the purchasing price for cotton, which became effective on 1 September when the new cotton of the year went on the market. The average rate of increase was 29 percent. 3. Policy for grain imports and exports

The reduction in grain yield nationwide by 2.5 [as published] in 1994 put some pressure on the grain supply in 1995 and the state used a rather large part of its special reserves to stabilize market prices, so the state grain reserve was reduced. In order to quickly increase the total supply on the domestic grain market and replenish the reserve to an appropriate extent, the state mainly implemented two new policies regarding grain import and export in 1995: 1) The control over the authority of grain import and export was tightened and grain import and export operations were strictly managed; and 2) some grain was imported, mainly wheat and corn. 4. Increasing inputs to agriculture

As far as the situation at the end of 1995 was concerned, the investment in agricultural capital construction covered by the state plan grew by about 25 percent over the previous year; total agricultural lending by the national banks increased by about 26 percent over the previous year; expenditure of the state treasury to support agriculture grew by over 20 percent over the previous year, in which expenditure on supporting agricultural production grew by nearly 40 percent over the previous year. As far as local conditions were concerned, since the Sixth Five-Year Plan, local governments had attached little importance to inputs to agriculture and one obvious sign was that the proportion of the local treasury's spending on the agricultural sector had been continuously declining, from about 6 percent during the Sixth Five-Year Plan period to a mere 0.8 percent in 1994. But this situation changed in 1995. For example, the treasury fund for supporting agriculture covered by the provincial government budget of Jiangsu was 24 percent more than the previous year; the total agricultural lending extended by the agricultural bank and credit co-operatives in Jiangxi Province grew by 33 percent over the previous year; Guangdong Province invested more than 60 billion yuan in grain production alone, directly creating conditions for the growth of grain output by 7.8 percent; Hunan Province put aside a percentage of the income from transferring state land as the fund for creating basic farmland and spent it on the transformation of medium-yield and low-yield farmland and the development and construction of new basic farmland; Sichuan, Henan, Shandong, and Inner Mongolia appropriated part of the income from compensated transfer of the right of land use to spend on land development and the construction of agricultural infrastructure; and so on and so forth. Besides, many provinces, regions, and municipalities adopted various methods to offer subsidies in addition to the order prices of grain sold to the state. In most regions, subsidies were provided at the rate of 10-30 yuan per 50 kg (i.e., 0.2-0.6 yuan per kg). Some regions used the method of "linking up order-purchased

grain with fair-price chemical fertilizers" to protect the enthusiasm of peasants in selling grain to the state.

As one of the major investors in agriculture, peasant households also increased input in agricultural production in 1995. According to statistics, the per-capita input in agricultural production in rural areas nationwide was 35.4 percent higher than in the previous year. After the price increases are factored in, the real growth was 6.4 percent. The quantities of chemical fertilizers, farm chemicals, and plastic sheeting purchased per household in rural areas grew by 6.5 percent, 62.5 percent, and 22.5 percent respectively.

It is worth mentioning that apart from the government and rural households, there emerged a fresh force of investors in agriculture in 1995. Many industrial and commercial enterprises of considerable sizes made their way into agriculture one after another and started investing in agricultural operations. Such enterprises included Sanjiu Group, Haowei Company, Ankang Group, Hainan Minfu Investment Group, Delong Agriculture and Animal Husbandry Development Company Limited of Xinjiang, and so on. Their active participation added a new dimension to the effort to increase input in agriculture.

**5. Managing grain-related operations along two lines**

State Council document No. 15 issued on 23 June 1995 was an official notification of this reform proposal. What is called "operating along two lines" means separating the policy business from commercial operation which had been mixed together in the grain sector for a long time, so that they could be independent of each other. As far as the intention of the central government was concerned, the main purpose of introducing this reform plan was to make a good job of the macroregulation and control of grain, use well the state subsidies for grain supply, manage well the credit funds for purchasing grain and edible oils, urge state-owned grain enterprises to strengthen the management of their operation, and enhance their competitiveness on the market. According to the regulations of the State Council: 1) the purchase, import, storage, wholesale, and transfer of grain and edible oils; the supply and handling of military grain provisions and disaster relief grain; and the stabilizing of market prices of grain are all policy operations and all other economic activities that grain enterprises are engaged in are commercial operations; 2) while ensuring they can accomplish their policy operations, units engaged in policy operations should actively conduct diversified operations and additional operations; and 3) commercial units should also undertake policy operations assigned by the state, for which they shall receive a subsidy from the treasury authorities specific to each project.

According to the unified plan of the central government, the two-line operation policy became effective on 1 January 1996 and full-scale standardized operation started nationwide as from that date.

#### IV. Summary and Its Policy Implications

Now we would like to summarize the above analysis and attempt to make recommendations on the basis of the summary for the further improvement of the existing rural economic policies.

1. In 1995, we reaped a bumper grain harvest and the total output reached a record high. The eastern regions, where grain output had been declining for several years running, made the biggest contribution to the national grain output increment (accounting for about 61.5 percent of the total). This shows that the "governor" responsibility system" for grain played a rather obvious positive role in the grain production in the southeast coastal regions of our country. But we have also identified some problems in the process of implementing the "governor's responsibility system" for grain. There were mainly two problems: The first problem was that in order to ensure grain supply, some regions were made to lose their unique regional comparative superiorities. There were mainly two questions involved in this problem: Which makes better economic sense, exchanging land for grain or exchanging land for other agricultural products (e.g., economic crops)? Which makes better economic sense, exchanging land for grain or exchanging land for money (through such means as land transfer and running cooperative enterprises)? Another problem was that some major grain-producing provinces have shown tendencies of not allowing local grain supply departments to send grain to provinces in want of grain, in order to stabilize local grain prices and lower the local inflation rate, and of imposing interregional blockade on the grain market. Fortunately, because there was a rather extensive increment of grain output nationwide in 1995, this conflict and problem did not stand out. In fact, Vice Premier Zhu Rongji once emphatically pointed out: For different regions to balance their own grain supply and demand under the "governor's responsibility system" does not mean maintaining balance within themselves, still less asking them to become self-sufficient. It is still necessary for different regions to conduct specialization and coordination on the basis of their respective advantages in production. This shows that the State Council's leading comrades already felt at the time the consequential possibility of losing the comparative advantages of different regions, causing them to become self-sufficient and impose blockade on each other. But what happened to many places during the year is a very indication that it is necessary to further improve this



policy. For example, can we consider introducing one or two indexes, on top of the existing five, which can encourage regions to give play to their comparative advantages and control interregional embargo? Besides, as far as the external environment is concerned, some central departments have been constantly conducting competition among provinces, municipalities, and regions to lower the price index, which is repeatedly advertised through conferences and the media (e.g., television and the press). This is also a reason not to be overlooked for causing some regions to feel obliged to lock up their grain markets to the outside.

From a long-term point of view, the "governor's responsibility system" for grain is after all an administrative means of a compulsory nature. Can we consider setting up a new system whereby the producers, i.e. the peasants, are directly motivated to show a greater interest in production and therefore realize the goal of increasing grain output, mainly using such means as economic levers, the market factor, and intermediary organizations? Of course this is a question that has to be studied separately. 2. The "mad hikes" of grain prices, which lasted over a year, slowed down in the second half of 1995 and began to show signs of decline in the midst of stabilizing; grain prices on the domestic market exceeded those on the international market. As far as the basic trends and characteristics of grain price fluctuations in 1995 were concerned, the main factor affecting grain prices was still none other than the balance between supply and demand. Therefore, it seems that how to increase the total grain supply should be the basic point on which to build our policy. Apart from forging policies to promote production, it is also very important to make rational adjustments to the grain import and export policy. It is believed that strict control of grain export, especially that driven by departmental interests, should be stabilized as a long-term policy. While rational imports have increased quite significantly, we should prevent some departments from raising grain prices in their own interests. It is from this point of view that we think: At present, when our market is still relatively underdeveloped and there is a high degree of administrative regulation and control over grain production, letting the central government keep hold of grain import and export authority is a relatively realistic option. Future adjustments will have to depend on the actual circumstances that may change.

3. In 1995, the rehabilitation growth of cotton production was relatively fast compared with other years. Because the state once again raised the purchasing price for cotton, the domestic cotton price is now basically level with the cotton price on the international market. Judged by the situation in 1995, although many prob-

lems remained in the production of cotton, the problems with purchasing seemed more serious. Under such circumstances, we recommend adjusting the current policy of "tight control on both ends" (i.e., tight control over both production and circulation) into a policy of "tight control on one end and relaxed control on the other." In other words, on the production front, strict and effective control should be retained through the "governor's responsibility system," but on the marketing front, maybe some appropriate adjustments can be made.

4. No matter which level of investor we look at, their inputs to agriculture in 1995 all increased without exception. But the problem is: First, while the peasants' productive investment was very limited, the government's investment in agriculture remained rather weak. Beginning in the early 1980's, the proportion of investment in agricultural capital construction in total national capital investment steadily dropped from around 10 percent to 5 percent, 4 percent, 3 percent, and in 1994, it was only 2.4 percent. The percentage of the state treasury's spending on agriculture in its total expenditure also dropped to below 10 percent from the early 1980's. It fluctuated between 8 and 9 percent throughout the period of the Eighth Five-Year Plan. The 10 percent mark was not broken till 1995 when the said percentage reached about 11 percent. The percentage of agricultural loans from national banks in the total amount of lending has been steadily falling in recent years. It was 7 percent in 1985, then dropped to 6.8 percent in 1990, 4.9 percent in 1994, and went further down to 4.9 percent [as published]. Second, a large part of the special-purpose loans that the state earmarked to support agricultural development did not really become available. Third, there was a high degree of arbitrariness in the investment made by both the central government and local governments in agriculture. We therefore suggest that the state promulgate the "Agricultural Investment Law of China" as soon as possible to set up a rigorous regime of rules and regulations that can more or less meet the needs of agricultural investment.

5. Because trade conditions were not conducive to agricultural operations for a long time, though the state kept raising the purchasing prices of various agricultural products, peasants failed to benefit much from such measures. The relevant survey conducted by the State Statistical Bureau indicated that though the price at which the peasants sold their grain in 1995 was 1.05 times higher than that in 1989, the growth rate of the prices of production means during the same period was 106 percent. Therefore, any benefits that the peasants might have obtained from grain price increases (covering prices raised by the state and the upward movement of grain prices on the market) were more or



less lost because of higher production costs caused by price hikes of the agricultural production means. This is known as the problem of "one high, one low" pointed out by the central government. In 1995, the agricultural trading conditions were slightly better, but one cannot claim they were good enough to be very favorable for agricultural development. How to further improve such trading conditions for the benefit of agricultural development is a very important issue that government policy should address.

6. The pick-up of the growth rate of peasant's income has been rather good in recent years. But if we failed to adopt effective new measures, it would be very difficult to achieve the goal of realizing moderate prosperity in rural areas by the year 2000. A direct reason for this is that when we proposed the target of moderate prosperity for rural areas, it was attached with an important precondition, that is, as from 1994, the per-capita net income among rural residents must grow at an annual rate of no less than 5.8 percent. But it only grew 5.3 percent [in 1995]. As a result, only by keeping the growth of per-capita net income above 7 percent as from 1996 can it be possible to achieve the goal of moderate prosperity by the year 2000. But it will be very difficult to keep to a 7 percent annual growth rate for several years in a row. In our opinion, there are at least three aspects to a more likely policy option: First, the central government must keep adjusting the relations of interests between the state and peasants. Second, as our taxation system gradually improves and the tax revenue sources gradually increase, the state should gradually take on more and more social obligations for rural areas, such as the expenses covering special care for disabled servicemen and families of soldiers, education, public health, family planning, and communications

development so that peasants do not have to bear more expenditures on such categories. Third, broader funding avenues can be opened up to help peasants increase their income by promoting further development of township and town enterprises and pushing ahead with the process of "industrializing agriculture."

7. The difficulty of supporting the poor in rural areas has increased and the process of helping poverty-stricken people rise above the poverty line has slowed down. Without more powerful measures, the grand plan of eliminating absolute poverty in rural areas by 2000 will also be very hard to realize. A direct reason is that while the difficulty of supporting the poor has been growing, the intensity of the effort to support the poor has not been stepped up accordingly. When the central government put forward the "Eight-Seven State Plan for Accomplishing Challenging Tasks in Supporting the Poor" in 1994, if we could help 11.43 million people rise above the poverty line each year starting from 1994, we would be able to accomplish this target by 2000. But because only 10 million people were helped out of poverty in 1994 and the figure dropped to a mere 5 million in 1995, we will not be able to accomplish the "Eight-Seven" target unless we can help 13 million people rise above the poverty line each year from 1996. The choice is very clear now: Either we abandon this goal or we increase inputs to support the poor, strengthen management of funds for this purpose, and improve the efficiency of supporting the poor. Making more use of foreign capital, organizing collective migration, and encouraging spontaneous migration are all policy options that are worth considering.

### East Region

#### PRC: Jiangxi Secretary Urges Change in Style of Cadre Thinking

OW2907121896 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1106 GMT 23 Jul 96

[FBIS Translated Text] Nanchang, 23 Jul (ZTS) — Wu Guanzheng, secretary of the Jiangxi Provincial CPC Committee, recently pointed out: It is necessary to make determined efforts to enable cadres, leading cadres in particular, to change their style of thinking.

Wu Guanzheng said: At present, there are indeed some signs of improper styles of thinking found among a small number of cadres in very few localities and units. Specifically, they are manifested in the following practices:

1. Never bothering to read any books or newspapers or conduct any investigations, these cadres go about their business with no knowledge whatsoever in their minds. They "do not know what is going on and yet are full of ideas and reckless in making decisions." They make inept policies and launch projects with haughty promises, but accept no responsibility when things go wrong.
2. Maintaining a lofty distance and busying themselves with socializing activities, they shift responsibility to others, stress formality without caring about reality, and resort to deception to hide facts from their superiors and subordinates.
3. They squander government funds by going in for extravagance and ostentation and live a life of comfort and ease in their pursuit of pleasure. Indiscreet in their work style, they pay excessive attention to trivia to the extent that saps their will.
4. Audacious and reckless, they disregard law and discipline, pay no attention to solicitations, use simple methods to enforce compliance with their commands, and ride roughshod over the common people.
5. Caring little about fairness, they handle business in a manner partial to their relatives or friends. They forget all moral principles at the sight of profit and exploit their position and power to seek personal gains. They play favoritism, engage in fraudulent practices, and carry out extortion.

Wu Guanzheng noted that, fundamentally speaking, the question of how to enable cadres to change their style of thinking is one of how to deal with their attitude and feelings toward the people and their relationship with the people. The root cause of all current problems in their style of thinking lies in the fact that party principles, mass viewpoint, and mass line are all fading

from their memories. Since their position versus that of the masses is reversed and their feelings toward the masses are no longer close, they always make unreasonable remarks with a sullen face. In many instances, they are out of tune with the masses. They have even gone so far as to become the opposite to the masses and take opinions normally expected of the masses as troublemaking by "cunning and shrewd rascals."

#### PRC: Jiangxi Implements Two PRC Laws

OW2907131696 Nanchang JIANGXI RIBAO in Chinese 14 Jul 96 p 2

[Unattributed report: "Decision of the Standing Committee of the Jiangxi Provincial People's Congress on Implementation of 'the Administrative Punishment Law of the People's Republic of China' and 'the Criminal Procedure Law of the People's Republic of China' (adopted by the 22d Session of the Standing Committee of the Jiangxi Provincial People's Congress on 21 June 1996)"]

[FBIS Translated Text] The Fourth Session of the Eighth National People's Congress adopted the "Administrative Punishment Law of the People's Republic of China" and revised the "Criminal Procedure Law of the People's Republic of China" (hereafter called the "two laws" for short). This was a great event in China's legal system building and also an important step taken to strengthen its building of socialist democratic politics. It will play an important role in improving administrative work and criminal judicial work, promoting administration and judicature according to law, strengthening the building of a clean and honest government, safeguarding social order and public interests, protecting the legitimate rights and interests of citizens, legal persons or other organizations, and in promoting the healthy development of the socialist market economy. To ensure the implementation of the "two laws," the following decisions were made in the light of the realities in Jiangxi Province:

1. Conscientiously organize the study of the "two laws" and fully understand the great significance of their implementation. Standing Committees of the people's congresses, people's governments, people's courts, and people's procuratorates at all levels should attach great importance to the implementation of the "two laws" and put it on their own agendas as an important task. Relevant organs and departments should organize the study and publicity of the "two laws" in an active and proper way, organize, in a planned and systematic way, the cadres and staff members and workers of specific localities, departments, and units under their jurisdiction to earnestly study and thoroughly understand the laws'

great significance, guiding ideology, basic principles, and major contents. Close attention should be paid to organizing the training of the province's administrative law-enforcement personnel, judicial personnel, and lawyers. Leading cadres at all levels should take the lead in studying and propagating the "two laws" and acting accordingly. News units should bring the role of press media into full play, adopt various lively and effective forms to give wider publicity to the "two laws," and create public opinion and a legal environment throughout the province, in which everyone studies, understands, and abides by the law and the masses of the people safeguard their own legitimate rights and interests according to law.

2. Pay close attention to the rectification and screening as well as revision of local laws and regulations, government rules and regulations, and other normative [gui fan hua 6016 5400 0553] documents. The Standing Committee of the provincial people's congress, the provincial people's government, the Standing Committee of the Nanchang City People's Congress, the Nanchang People's Government, and other relevant organs in the province should comprehensively rectify and screen the province's local laws and regulations, government rules and regulations, and other normative documents as soon as possible. According to the provisions of the administrative punishment law, with the exception of local laws and regulations and government rules and regulations, the setting of administrative punishment in local normative documents is not allowed and if they carry any administrative punishment, they should be declared null and void as of 1 October 1996 and the organ that formulated such normative documents should annul them in explicit terms. The clauses of local laws and regulations and government rules and regulations, that are inconsistent with the provisions of the administrative punishment law should be revised as quickly as possible and the revision work should be completed before 31 December 1997.

3. Rectify and screen administrative law-enforcement organs and personnel according to law and execute administrative punishment in strict accordance with the scope of authority prescribed by the law, as well as laws and regulations, and with punishment procedures. People's governments at all levels of the province and departments under their jurisdiction should step up efforts to rectify and screen the existing law-enforcement organs of various types, correct the practice of illegally authorizing and entrusting the execution of administrative punishment, and straighten up the administrative law-enforcement structure. Management of the law-enforcement personnel's qualifications, documentation, and uniforms should be strengthened and the practice of

contract workers and temporary workers doing administrative punishment work should be stopped. Efforts should be made to actively carry out experiments in implementing a relatively centralized administrative punishment authority system in accordance with the State Councils' relevant stipulations, conscientiously implement the testimony hearing system, the system of separation of evidence gathering through investigation and punishment decisionmaking, and the system of separation of fine decisionmaking and fine collection, and ensure that administrative punishment is executed in a legal and orderly manner. With the implementation of the administrative punishment law as the turning point, education in the legal system and ethics should be strengthened among the law-enforcement personnel so as to enhance their sense of responsibility for work and their awareness to act according to law. It is necessary to regard the establishment of a contingent of highly efficient and honest law-enforcement personnel as crucial task of implementing the administrative punishment law and raising the level of administration according to law and work hard to achieve good results therefrom.

4. Unify thinking, change concepts, and ensure the smooth implementation of the revised criminal procedure law. The revised law has readjusted the scope of functions of the people's court, the people's procuratorate, and the public security organ, reformed the criminal defender and procurator system, abolished the shelter and review [shou rong shen cha 2392 1369 1399 2686] system, annulled the system of exemption from prosecution, and defined a prosecuting-defending court mode, thus further improving China's criminal procedure system. People's courts, people's procuratorates, and public security organs, and lawyer management organs at all levels of the province should organize judicial personnel and lawyers to familiarize themselves with and master the criminal procedure law's new stipulations, effectively change their conceptions, earnestly do the work in various fields, handle cases in strict accordance with the law, gradually institute and improve a law-enforcement responsibility system and a wrong case responsibility fixing system, and improve the quality of case-handling personnel and the quality and efficiency of handling cases. It is necessary to correctly use legal means to punish crimes and protect the citizens' legitimate rights and interests and strive to achieve the unity of cracking and punishing crimes and protecting the citizens' legitimate rights and interests.

5. Strengthen supervisory work and strive for better practical results in the work. Standing Committees of the people's congresses at all levels of the province should strengthen the supervision and inspection of the implementation of the "two laws," urge relevant insti-



tutions, departments, and units to earnestly handle the problems which have been discovered and some typical cases of law violations. People's governments at all levels should further institute an internal supervision and inspection system, carry out the supervision and inspection of administrative punishment as an important task, promptly correct the behavior of executing administrative punishment in violation of the law, effectively improve administrative law-enforcement work, and raise the law-enforcement level. Measures should be taken in terms of human, material, and financial resources to ensure the implementation of the "two laws." People's courts and people's procuratorates at all levels should strengthen the judicial supervision of both administrative and criminal procedures and ensure the execution of the legal functions of combating crime and protecting the people. Relevant departments should make concerted efforts, intensify law enforcement and supervision, firmly correct the phenomenon in which laws are not fully observed; enforcement of laws is not strict; and lawbreakers are not brought to justice, foster a good law-enforcement image and authority, and further open up a new situation in the province's legal system building.

**\*PRC: Shanghai's Socioeconomic Plans Projected**  
96CE0290A Hong Kong CHING CHI TAO PAO  
[ECONOMIC REPORTER] in Chinese 5 Feb 96  
, pp 8-9

[Article by Chin Chung (6855 6988): "How Will Shanghai Greet the 21st Century?"]

[FBIS Translated Text] Throughout the Eighth Five-Year Plan, Shanghai was in the forefront of China's reform and opening up. Especially the major strategic decision of the central government to make Pudong a leader in developing and opening up created a good opportunity and a base for Shanghai's development. Shanghai's reform, opening up, and development underwent unprecedented change and achieved historic success. By the end of the Ninth Five-Year Plan, Shanghai's gross domestic product (GDP) will reach 246.27 billion yuan (hereinafter renminbi), the per capita GDP will exceed 18,000 yuan, and the annual rate of economic increase will be higher than the national average. During the Eighth Five-Year Plan, Shanghai's actual use of foreign investment totaled approximately US\$14.37 billion. Shanghai is striving to accomplish the last five-year plan for this century and formulate a developmental blueprint for 2010 to greet the arrival of the new century with a new image and boundless creativity.

#### **I. Two Transformations: Shanghai Developing a New Outlook in the Next Five Years**

The strategic transformation that the Chinese economy is facing is a transformation of actively promoting an economic growth pattern and making improved economic performance the main content of economic and social development over the next fifteen years; it aims at relying on reform of the economic system and the formation of enterprise management mechanisms that will help to save natural resources, reduce energy consumption, and increase performance; it looks to advanced technical mechanisms helpful to initiative and innovation, and economic operating mechanisms helpful to fair market competition and optimum distribution of resources. Shanghai's development in the next five years must embody two transformations: It must realistically transform economic growth patterns to achieve a leap in the quality of economic development, change from extensive to intensive types and change from pursuing high speed and high value of output to pursuing high quality and high performance; and we need to accelerate a change in the economic system from the traditional planned economic system to the market economy. Shanghai's Ninth Five-Year Plan begins from this new perspective on development and, centered on the two transformations, will accomplish the following tasks.

*Further adjust the economic structure and improve the quality of economic operations by optimizing the structure.* During the Eighth Five-Year Plan, Shanghai's adjustment of the economic structure achieved remarkable success. Tertiary industries and the six mainstay industries became new points of growth for the economy. Tertiary industry share of the GDP rose from 30.8 percent in 1990 to 40 percent in 1995 and the ratio of the three industries was 1 : 58.3 : 39.6. One of the policies that Shanghai has set for the the Ninth Five-Year Plan is to accelerate development of tertiary industries and increase tertiary industry share of the GDP. By 2000 the goal for adjusting the ratio of tertiary, secondary, and primary industries will be 45 : 53 : 2 with the the ratio of sales income from mainstay industries, new high technology industries, and traditional industries 55 : 5 : 40. The guiding and support role in the national economy determined for the six mainstay industries during the Eighth Five-Year Plan will continue to be maintained.

By 2000 it is estimated that the gross value of output of the six mainstay industries will be nearly 380 billion yuan. At same time, as we face the 21st century, we will have to exert a great deal of effort and put a lot of work into actively developing a new generation of mainstay industries and new economic growth points. We should make the "four major strategic industries" that maintain Shanghai's future development—the electronic information equipment industry, the modern biological and new medicine industry, the new type

materials industry, and the environmental protection and green technology industry—strongly permeate the Shanghai economy and play a big role in optimizing the industrial structure and the main direction of attack. We should strive to achieve a high starting point, make great strides, and reach an extraordinary scale of development for Shanghai's new high technology industries. As regards traditional industries, we should rely on scientific and technical progress and the accumulated vitality. We need to increase efforts to adjust and transform traditional industries and, by reducing capital and increasing results, decrease personnel and increase production, decrease liabilities and increase assets, and joint ventures with large international companies, thereby improving the overall quality of traditional industries. In agriculture we should center on the "rice bag" function, the "vegetable basket" function, the ecological function, and the model function to increase the scientific and technical content of agricultural products and the quality of workers. By 2000 it is estimated that the gross value of agricultural output could reach 10 billion yuan.

*Strive to improve the function of urban society and by the end of this century its principal indicators should reach the level of major modern international cities.* The Ninth Five-year Plan developmental goals regarding urban functions are: to adjust, restructure, and develop the central city district and focus on developing a new generation central commercial district; we need to plan level two cities, perfect the city and town system, enhance the urban network, and develop multiple centers, multiple axes, and multiple levels to expand from the current metropolis of Shanghai, and to ultimately lay the foundation for the formation of a large group of Changjiang cities with Shanghai at its core. The main planning concept is ultimately to form four axes with the central city as the core and the harbor and the airport as the hub. The first would be the east-west axis from the Hongqiao Airport economic center to Pudong's Second International Airport, establishing an urban landscape and forming the main economic function line with tertiary industries as the main body. The second would be the north-south axis from the south end of the mouth of the Changjiang to the north bank of Hangzhou Bay, forming Shanghai's industrial development corridor. The third would be the coastal axis from where Pudong borders the sea at the mouth of the Changjiang to the river bordering the north bank of Hangzhou Bay forming a major economic development zone connecting Jiangsu in the north with Zhejiang in the south. The fourth would be the "mountain-island-lake" axis from Songjiang's Yushan, Qingpu's Dian Mountain and Lake, and Baoshan's Changxing and Huangdao Islands to Chongming Island, forming a major economic development zone with mountain and water scenery and

cultural resources that embody the broad hinterland of greater Shanghai, the main ecological environmental line of the city. Ultimately the development of the Shanghai Municipality will form a four tier plan organically connecting the central city with the suburbs, with the central city, the three auxiliary cities, the six level-two cities, and the city and town centers becoming an overall combined urban system. The social function in Shanghai's Five-Year Plan development will center on people's overall and individual development, essentially establishing new social development mechanisms with the government as the leader and society as the foundation. Gradually forming a modern, networked, highly efficient system of social services that achieve coordinated economic and social development and social functions on a par with major modern international cities.

*Cultivate new growth points and new development mechanisms.* During the Ninth Five-Year Plan, Shanghai should rise to a new level; it should lay the foundation for the next round and must form a new group of growth points and new development mechanisms, including developing the real estate industry and speeding up the cultivation of the real estate market. Second and third level cities especially should improve intermediate real estate services, make the real estate industry a new mainstay industry and accelerate the development of the central commercial district function, to attract more multinational companies, comprehensive firms, large foreign bank regional headquarters and large domestic enterprise groups, as well as a group of Chinese and foreign intermediary service organs to foster finance, trade, administrative, and service functions for the central commercial district. We need to form a collective effect, cultivate new mainstay industries, develop large groups, play the "Zhonghua card" and the "Changjiang card," and improve the capability to spread into coastal regions and regions along the river and inland.

*Beginning with establishing economic operating mechanisms that meet the requirements of the market economy, explore the establishment of a framework for the socialist market economy and form new patterns to open internally and externally.* The key is to intensify reform of the complete "four in one" set of enterprise, market, government, and social safeguards and to establish economic mechanisms and operating mechanisms compatible with the new style of economic growth. This mainly consists of taking the lead in establishing a modern enterprise system closely integrated with rebuilding, transforming, reorganizing, and improving the management of state enterprises, molding a transformed microeconomic foundation helpful to the economic growth pattern and promoting the development of a large modern



market system; by 2000, we should essentially form a market system led by the international market and the national market with the regional market as backbone and primary markets as the foundation. We need to take the lead in becoming the largest domestic center for distribution of market resources and creating the necessary market conditions for converting economic growth patterns. We must establish economic adjustment mechanisms suitable for especially large urban economic centers and complete reform of government organs, smooth out relations, and convert functions; we need to establish a sound social security system, one that is mainly for the elderly, for unemployment, and for health insurance. There needs to be an individual accounting system whose basic form, socialized administration and uniformly highly efficient financial management will offer a certain level of assurance.

## II. A Look Toward the Future: Drawing up a Blueprint the New Century

The focus of 21st century world development will shift toward the Asian region. The Chinese government at the beginning of the 1990s proposed the major strategic decision of "making the Shanghai Pudong development and opening up the leader, further opening up the cities along the Changjiang River, and making Shanghai one of the international economic, financial, and trade centers. This would bring about a new leap in the economy of the Changjiang delta and the entire Changjiang basin as quickly as possible" to create unprecedentedly favorable conditions for Shanghai's development in the next century.

Based on this proposal, by 2010 Shanghai will essentially form an economy and an overall strength on a scale with the world's major cities, a GDP that reaches 2 trillion yuan, nearly 150,000 yuan per capita, and a ratio of tertiary, secondary, and primary industries adjusted to 60 : 39 : 1. At the same time, Shanghai will form a modern city structure at a first rate world level with urbanization reaching 85 percent. It will form a modern "multicenter," multilevel, "grouped" major metropolitan structure from the main city—Pudong City—with level two cities—city and town centers. Together with the cities of the Changjiang delta region it will form China's largest group of cities and urban belt. Its main functions will be divided into four levels: a central commercial district with mainly finance, trade, information, administrative and intermediate services; next an inner district with mainly wholesale trade, warehouses, and non-polluting urban style industries and residential districts; then an outer region with mainly processing districts with a high concentration of chemical industries, material circulation and distribution and storage and shipping centers; finally, there will be large res-

idential districts. As regards the opening to the outside, ultimately it will develop into a meeting place for both the domestic and the foreign market and a contact point for the circulation of the domestic and the foreign economies. It will fully participate in the international division of labor and fully participate in the circulation of the international economy and have more than 300 foreign owned financial organs and offices; more than 500 large international enterprise groups or multinational company general headquarters, regional headquarters, and branch organizations; and there will be more than one thousand large domestic enterprise group headquarters and sales organizations and offices, and open more than 1,500 domestic branch organizations with total port trade of US\$240 billion and dependence on foreign trade reaching 50 percent.

By 2010 Shanghai's urban infrastructure could reach the level of a medium developed country, the people's standard of living will be greatly improved, the urban region per capita living area will be 12-14 square meters, and average life expectancy could reach 78 years, essentially forming a social development system centered on overall development of people and an ecological environment with a high degree of harmony between people and nature. We will achieve uniformly coordinated economic benefits, social benefits, and environmental benefits on a base of sustainable development and introduce an open, lifelong education system oriented toward every stage of the life and employment of city residents, one that promotes people's overall and individual fulfillment; we want to have a high grade, diversified, open international cultural exchange center framework; we hope to form a multilevel, multifunctional health care system, one that combines medical treatment, prevention, public health, and recovery; we are also seeking to form a multilevel, multiform social security service system with broad social security coverage and a mature network of social services, and a city that boasts a modern ecological environment.

## PRC: Shanghai Arranges Work for Second Half of 1996

OW2907054896 Shanghai JIEFANG RIBAO  
in Chinese 9 Jul 96 p 1

[Unattributed article: "New Achievements Should Be Made in Reform, Development, and Stability and New Progress Should Be Achieved in Party Building and Spiritual Civilization Construction — Huang Ju Arranges Work for Second Half of the Year at Enlarged Meeting of Municipal Party Committee Standing Committee, Xu Kuangdi Attends, and Chen Zhili Sets Re-



quirements for Investigation and Study on Next-Stage Spiritual Civilization Construction"]

[FBIS Translated Text] Yesterday afternoon, the Shanghai Municipal CPC Committee held an enlarged meeting of the standing committee for the third quarter of the year to review and sum up the work in the first half of this year and arrange work for the second half. Municipal party Secretary Huang Ju presided over the meeting and gave an important speech. He once again called for unifying thinking, clarifying key points of work, and mobilizing everybody for the advancement of work so as to strive for achieving new progress in various areas of work in the second half of the year.

Huang Ju noted: Under the leadership of the party Central Committee and State Council and through the joint efforts of party organizations at various levels and the broad masses of cadres and people throughout the municipality, Shanghai has continued to maintain sustained, rapid, and healthy development in the national economy; keep stable development in industrial and agricultural production; increase exports and the use of foreign capital; smoothly proceed with the construction of key projects; step up housing construction; and lower commodity price hikes every month in the first half of this year. Shanghai has continued to deepen reform and opening up, smoothly promoted the experiment in the reform of modern enterprise system, made achievements in reforming the public transportation sector at present stage, and steadily launched the reform in the in-patient health care insurance system for staff and workers in urban areas. Shanghai basically maintained stable public order, continued to strengthen party building and spiritual civilization construction, achieved new progress in various aspects of work, and fulfilled the municipal party committee-proposed objective of "fulfilling half of the mission in the first half of the year," which has laid a foundation for the completion of various tasks for the year.

Huang Ju said: Lately, the municipal party committee has heard the municipal government's special briefings on "reinvigorating the two levels of real estate market," "promoting for re-employment pilot project," and other tasks. We have always stressed the need to analyze and grasp the situation from a dialectical materialist point of view. We should not only see Shanghai's new progress in various aspects of work in the first half of the year, but also the difficulties and problems in our work, particularly the favorable conditions provided by the current macroeconomic environment for solving these difficulties and problems, and grasp and make good use of the opportunity for development through every possible means. The municipal party committee's general requirements for the work in the second half of the year

are: always upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; conscientiously implementing the guidelines in central leaders' speeches during their inspection of Shanghai; emancipating minds; seeking truth from fact; taking Shanghai's actual situation into consideration; firmly adhering to "two fundamental shifts;" always adhering to the principle of firmly stressing both economic development and spiritual civilization construction; properly handling the relations among reform, development, and stability; stressing the work focus; assuming a down-to-earth attitude; striving for substantial results; and taking advantage of a favorable situation to make progress. We must make new achievements in reform, development, and stability as well as new progress in party building and spiritual civilization construction; further promote the simultaneous construction of material and spiritual civilizations; and fulfill all objectives of struggle for national economic and social development for this year.

Huang Ju made arrangements for the key tasks for the second half of the year. He noted: We should make new achievements in reform, development, and stability and grasp the key points and strive for a breakthrough to achieve substantial results. First, the development of domestic and overseas markets should be made an important task in maintaining the developing trend of economic construction. We must go out of Shanghai to develop domestic markets and out of the country to open up international markets, so as to further enhance Shanghai commodities' competitiveness in domestic and overseas markets. Second, deepening reform of state-owned enterprises should be made an important task in promoting coordinated reform measures. We should allow more enterprises to go bankrupt and merge, launch reform measures for the development of real estate market in a timely manner, continue to probe for the reform of health care insurance system and deepen the reform of public transportation sector, strive for a good job in a pilot project for modern enterprise system reform, and advance further in the course of taking the lead in establishing a socialist market economic operating mechanism. Third, stepping up Pudong's functional development and image construction should be made an important task in opening wider to the outside world. We should strengthen the implementation of the central authorities' policy on developing the functions of Pudong, accelerate the convergence of various kinds of production-factors markets and organizations, properly start the construction of key projects, and take a further step in opening Shanghai to all directions at home and abroad. Fourth, the launch of the reemployment project should be made an important task in maintaining social stability. We should encourage the enthusiasm of all

sectors; work for substantial progress in the implementation of the reemployment project; strive to ease the contradictions in the course of removal, transfer, and resettlement; carry out various measures for comprehensive management of public order; and further strive to create a good social environment for reform, opening up, and economic construction.

Huang Ju said: There should be new progress in party building and spiritual civilization construction. We must earnestly study and grasp in-depth the guidelines of Comrade Jiang Zemin's important speech at the forum commemorating the CPC's 75th anniversary, further strengthen ideological and political construction among leading bodies, intensify the training and supervision of cadres, strengthen the party workstyle and the construction of a clean government, strive to build a high-quality force of cadres, and provide a firm organizational guarantee for fulfilling various objectives of struggle. We should continue to properly conduct investigation and study on spiritual civilization construction; firmly grasp the correct orientation of public opinion; continue to promote the thriving and development of science and technology, education, and other social undertakings; and further promote the construction of socialist spiritual civilization to a new level in Shanghai. Huang Ju stressed: Presently, Shanghai has very arduous tasks in reform, opening up, and the modernization drive, new conditions and problems emerge one after another. Party and government leaders at various levels must further transform their workstyle, vigorously encourage investigation and study, go deep into the realities of life, go down to grass-roots units, and go into the midst of common people. We must keep the pioneering spirit of courageous exploration, the vigor of daring to carry out work, and the tenacity of keeping on fighting in spite of all setbacks; really solve all kinds of problems; conscientiously implement various measures; carry out various tasks in a down-to-earth manner; and strive hard to fulfill all missions for national economic and social development this year.

At the meeting, Chen Zhili, deputy secretary of the municipal party committee, reviewed the work of spiritual civilization construction at the previous stage in Shanghai and set specific requirements for the next-stage investigation and study on spiritual civilization construction.

Also attending yesterday's meeting were municipal party and government leaders including Xu Kuangdi, Wang Liping, Chen Liangyu, Zhao Qizheng, Jin Binghua, Zhang Huixin, Zhu Daren, Hua Jianmin, Meng Jianzhu, Chen Tiedi, Sha Lin, Xia Keqiang, Jiang Yiren, Zuo Huanchen, Wang Shenghong, and Zhao Dingyu.

Over 100 major responsible party and government comrades from various departments, committees, offices, districts, counties, and relevant bureaus in Shanghai attended the meeting yesterday.

#### **PRC: High-Tech Pillar Industries Perform Well in Shanghai**

OW2907105696 Beijing XINHUA in English  
1043 GMT 29 Jul 96

[FBIS Transcribed Text] Shanghai, July 29 (XINHUA) — The output value of six pillar industries in Shanghai, China's leading industrial center, is rising at a rate of 20 percent, providing a fresh stimulant for the city's economic growth.

The industries include bio-technology, micro-electronics, new materials, computers, lasers, and robots.

Bio-technology recorded the fastest development. Work on the Shanghai Bio-technology and Industry Park, which will use 390 million yuan in investment, has begun at the Jinqiao export-oriented processing zone in the Pudong New Area.

The first phase is expected to generate 400 million yuan in output value when it is completed in 1997. The second phase, set to start by the year 2000, will have an annual output value of one billion yuan.

A new integrated circuit project will turn out 70 million items in the latter half of the year, and a capacitance coupler project, for the device with wide computer, telecommunications, and automation applications, will be operational before the end of the year.

A new type of computer developed by the Changjiang Computer Group, with annual production capacity of 45,000 sets and annual output value of 600 million yuan, will come out this year.

The city is also cooperating with overseas companies to expand the production capacity of magnetic powder, which will hit 10,000 tons by the year 2000.

#### **•PRC: Shanghai Deputy Mayor on Foreign Investment Program**

96CE0291A Hong Kong CHING CHI TAO PAO  
[ECONOMIC REPORTER] in Chinese 5 Feb 96  
No 7, pp 5-7

[Article by Ni Chih-kun (0242 0037 3824): "Deputy Mayor Sha Lin Elaborates Shanghai's New Ideas on Utilizing Foreign Investments During Ninth Five-Year Plan"]

[FBIS Translated Text] As the new year opens, and as China's economy is developing amid further reform



and opening up, moves to be made by Shanghai as China's largest economic center will inevitably become the focus of public attention. How is Shanghai going to make a good start in its economic work in the beginning of 1996? What are its ideas on launching the Ninth Five-Year Plan? What new changes did Shanghai experience in utilizing foreign investments over the past year and how will the trend be going? And what is Shanghai going to achieve in utilizing foreign investments during the Ninth Five-Year Plan and in 1996 as the first year of the plan? We believe it is definitely necessary for both our readers and ourselves to get a broad idea of all these questions.

In Shanghai, the mid winter falls in January and the weather is still extremely cold at this time of the year. Despite many claims on his time, Shanghai municipality deputy mayor Sha Lin granted this reporter an interview on 30 January. From a strategic point of view, he fully elaborated the new ideas to guide Shanghai in utilizing foreign investments, and the strategic changes and decisions to be effected during the Ninth Five-Year Plan.

Sha Lin has been in charge of foreign trade affairs for many years and made many valuable contributions to the economic development in Shanghai. He has long been known both at home and abroad for his friendly, liberal, and pragmatic work style and his image as a learned scholar. The interview further confirmed such an impression of the deputy mayor. His answer to questions during the interview displayed a lucid logic thinking. With convincing facts and well grounded arguments, he elaborated on the changes in the foreign investment makeup in Shanghai over the past few years, the new trend of inflow of foreign funds into Shanghai during the Ninth Five-Year Plan, and the extremely fascinating prospects of Shanghai as one of China's strategic regions.

#### **I. New Trends in the Utilization of Foreign Investments**

Deputy Mayor Sha Lin first talked about the four rises and four declines Shanghai experienced in drawing in and utilizing foreign funds in 1995. He believed this reflected a changing investment structure, which called for a correct evaluation of the economic conditions in Shanghai and the work of utilizing foreign investments. He said: Shanghai is facing a new stage in utilization of foreign investments, a stage of deeper development at a higher level. Since 1992 Shanghai has been making remarkable progress in utilizing foreign investments, both in terms of quality and mix of foreign investments. In evidence are the figures showing an increase in the value of foreign investments involved in agreements

signed over the past few years. The authoritative data provided by the Shanghai Foreign Investments Administrative Committee show that the inflow of foreign funds as per agreements was \$3.5 billion in 1992; the inflow of foreign funds was \$7 billion in 1993; it increased to \$10 billion in 1994; then in 1995, despite the readjustment and slowdown of inflow of foreign funds nationwide, the inflow of foreign investments into Shanghai was still on the increase, further rising to \$10.5 billion, a 5-percent increase over the 1994 figure. This indicates that Shanghai's investment structure has been tending to be more reasonable. Shanghai, as a region of strategic importance to China, is playing an increasingly influential role as a magnetic field that attracts swarms of investors from abroad.

With extremely convincing data and facts, Sha Lin presented the seven major new trends of the inflow of foreign investments into Shanghai in 1995:

**First, new changes reflected in the mix of countries and areas of origin of investments.** He noted: Since China is an enormous rising market in Asia, sustained and rapid economic growth in Shanghai as one of China's strategic regions is an active factor attracting foreign investment. By 1995, the value of foreign capital to be invested in agreed projects in Shanghai had totaled \$34.2 billion, the array of origins of investment funds had changed as well. According to the authoritative data provided by the Shanghai Foreign Investments Administrative Committee, investment funds flowing into Shanghai from the United States, Japan, European Union members, and other developed countries were on the increase in 1995. Investments from the United States totaled \$892 million, an increase of 59 percent over 1994; investments from Japan increased by 85 percent over 1994 and overtook those from the United States for the first time; meanwhile, investments from European Union members increased by 96 percent; and investments from the UK also increased pretty fast, with the value double the figure for the previous year. The proportional breakup of foreign investments in Shanghai by countries of origin is as follows: investments from Hong Kong ranking first, accounted for 49.5 percent; those from Japan accounted for 9.52 percent; the United States shared 9.09 percent; Singapore shared 5.5 percent; the UK 5.05 percent; and Germany 2.49 percent. In the meantime, investments in Shanghai from Asia's new, rising economic powers also increased remarkably, for instance, investments from the ROK increased by 900 percent in 1994, while those from Singapore increased by 84 percent.

**Second, world-renowned transnational companies are optimistic about Shanghai's future.** The year 1995 marked a great influx of foreign capital from



Europe, the United States, Japan, and other developed countries. They have had much greater confidence in Shanghai after serious evaluation and long observation of Shanghai's investment environment. So they have quickened their pace for investing in Shanghai.

Despite disputes between China and the United States from time to time in recent years, U.S. investors remain optimistic about the vast market in Shanghai. Actuated by its needs for economic development, Japan has moved its manufacturing industry bases to other Asian countries. Sony Company has chosen Shanghai as its production base, and has signed a land lease in this connection. The value of investment to be put into this agreed project is about \$400 million.

Here is a short list of places of origin of overseas investment funds flowing into Shanghai in 1995 in the order of the value of agreed contracts: Hong Kong, Japan, the United States. Hong Kong investors signed 994 contracts, involving a total value of \$3.65 billion; Japanese investors signed 510 contracts, involving a total value of \$1.34 billion; while U.S. investors signed 367 contracts involving a total value of \$890 million. Thus it can be seen that Hong Kong is still contributing half of the investment funds flowing into Shanghai from abroad, while the United States, European Union members, and Asia's new, rising economic powers are accelerating their pace, as they are placing high hope on Shanghai's development prospects. As a result, foreign investment inflow into Shanghai has been on the increase.

**Third, foreign investors have remarkably increased their investments in industrial projects.** The numbers of this type of project have increased rapidly to 1,796, accounting for 63 percent of all the foreign-funded projects in Shanghai. The number of technology-intensive and capital-intensive projects is on the increase, and most of them are run by world-renowned large consortia which are world leaders in the field of high technology. The increasing inflow of foreign investments in 1995 showed changing trends in three aspects: 1) the focus of investments was shifted from light and textile industries as in the past to heavy industry, chemical industry, and meter and instrument manufacturing; 2) inflow of investments was diverted from labor-intensive industries to technology- and knowledge-intensive industries; and 3) general investments were shifted to pillar industries. Most of the foreign-funded big industrial projects run in Shanghai have gone to basic industries that meet the demand on both domestic and international markets, such as electronics, telecommunications, metallurgical, and chemical industries. Investments have been distributed among the following trades: electronics, with the fol-

lowing investors: Intel Integrated Circuits of the United States; Siemens Telecommunication Equipment of Germany; Sony Color Television, Ricoh Electronics, Matsushita Semiconductor of Japan, and Hyundai Electronics of the ROK; household appliances—General Electric and Whirlpool Washing Machine of the United States; chemical and dye industry—Dupont Fiber and Armstrong Mineral Wool of the United States, Bayer Dye of Germany, Sandoz Chemical Industry of Switzerland, and United Lihua [lian he li hua 5114 0678 0448 5478] and BOC [bao ke 7637 0344] Nitrogen of the UK; metallurgical equipment—Mannesmann-Demag of Germany; pharmaceutical industry—Johnson and Johnson [qiang sheng 1730 3932] Medical Apparatus and Instruments of the United States, and Nicomin [nai ke ming 1143 0668 2494] Pharmaceutical Industry of Norway; photographic industry—Minolta Camera of Japan and Goldstar Video Camera of the ROK.

Sha Lin pointed out: The sharp increase in foreign investments in industrial projects indicates that the transformation of Shanghai's industries has been closely linked with advanced technology, modern large-scale industries, and high added-value industries, which has in turn increased Shanghai's self-development ability and developed its scale of economy. This is of vital importance to Shanghai's economic development.

**Fourth, there have been major changes in the land leasing business in Shanghai.** This is another major part of Shanghai's efforts to directly draw in foreign funds. Because of the state's macroeconomic regulation and control policy, foreign investors have shifted their focus from high-class hotel, condominium, and office building projects to low-price housing projects and to housing projects exclusively geared to domestic demand. So far more than 30 plots of land in Shanghai have been leased out to foreign developers for low-price housing projects or for housing projects geared to domestic demand.

Another new trend in the land leasing business in Shanghai is that the business has been moving out of downtown to the outskirts and the Pudong new development zone, and it has also been extending into the field of industrial building. Plots of land used for foreign-funded industrial building development projects now account for 70 percent of all the plots of land leased out in this municipality, an increase of 40 percent over 1994.

**Fifth, Pudong new zone's performance in attracting foreign capital has been lifted to a new level.** The value involved in contracts signed in 1995 increased by 24.3 percent over the previous year.

Sixth, the economic returns of foreign-funded projects in Shanghai have been improved remarkably. In terms of the number of establishments, foreign-funded enterprises currently operating in Shanghai account for only 4 percent of all the foreign-funded enterprises in the whole country. But the amount of taxes paid by Shanghai's foreign-funded enterprises has accounted for 20 percent of the total amount of tax payments by all foreign-funded enterprises in the country in the last three consecutive years. This is quite an amazing figure. In 1995, the tax payment by foreign-funded enterprises in Shanghai increased by 40 percent over the previous year, accounting for about 29.5 percent or nearly one third of the municipality's total tax revenue.

Seventh, foreign-funded industrial projects are making up an increasing proportion of China's economy in terms of scale, technology, turnover, and profit. Authoritative data provided by the Shanghai Foreign Investments Administrative Committee show that, of the 10 largest enterprises in China with an annual turnover of more than \$1.2 billion each, four are foreign-funded enterprises in Shanghai, namely, Shanghai Volkswagen Automobile Company Limited, Bell Telephone and Telegram Company, Mitsubishi Elevator Company Limited, and Dajiang [1129 3068] Group Company Limited. By the way, three of the 10 best five-star hotels in China are in Shanghai, namely, Shanghai Garden Hotel, Portman Shangri-la Hotel, and Jingan Hilton Hotel.

Apart from the above, of those "double excellence" enterprises elected from all enterprises in the country in 1995, which earned an annual foreign exchange revenue of over \$2 million each and made an annual profit of 2 million yuan or more, 212 are Shanghai enterprises. Half of the 10 best foreign-funded enterprises of the year in China are based in Shanghai. The five foreign-funded enterprises of Shanghai that are on the country's 10 best list for 1995 are Shanghai Volkswagen, Bell, Yichu [2496 0443] Motorcycle, Dajiang, and Beiling [6296 1545].

By one remark Sha Lin very briefly summed up the achievements made last year. He said: In 1995, the inflow of foreign investments into Shanghai continued to increase on a high base, while the structure and content of foreign investments experienced new, major changes.

## II. Changes in Strategy for Utilizing Foreign Investments During the Ninth Five-Year Plan

What changes will Shanghai make in utilizing foreign investments during the Ninth Five-Year Plan? What big plans and big moves are Shanghai's top decisionmakers

going to launch in this regard? Will there be any new ideas regarding foreign trade and foreign capital? All these questions are certainly great concerns abroad. In reply to this reporter's inquiry, Sha Lin candidly talked about Shanghai's new ideas regarding utilization of foreign capital, which are summed up in the following five aspects:

Sha Lin said: Now that Shanghai has arrived at a new, advanced stage in utilizing foreign investments, this city will lose no time in further raising the quality and standard of foreign investments acquired, improving the economic returns, and optimizing the makeup of foreign investments. Shanghai is playing a leading role in China's economy, and its economic growth is of extreme importance indeed to the country. Therefore, Shanghai's operation for utilizing foreign investments must be raised to a higher level. During the Ninth Five-Year Plan, Shanghai must reinforce its leading status and role, perform its functions as a central city, thus boosting common economic prosperity for the whole Chang Jiang delta and basin.

How is Shanghai going to effect a strategic change in utilizing foreign investments? On this question Sha Lin talked about his personal views, noting that Shanghai, as one of the cities selected to start the opening up process before others, will take the lead in launching pilot projects with a view to gradually effecting a transition from the implementation of preferential policies toward foreign investments to the introduction of market access procedures and national treatment for foreign investors.

During the Ninth Five-Year Plan, Shanghai will make full use of the policy for development of the Pudong development zone, also known as the five plus one policy, which was granted by the central authorities. And Shanghai will pay special attention to exploring the functions of the development zone. In the first year of the Ninth Five-Year Plan, Shanghai will apply a new policy in Pudong, allowing foreign investors to start operations in new fields, such as foreign trade establishments jointly run with Chinese and foreign capital. In this connection, a series of pilot projects will be launched step by step. Sha Lin pointed out: Since Shanghai is playing a leading role in China's reform and opening up, and is one of the cities selected to be open to the outside world before other Chinese cities, many pilot projects have to be launched in Shanghai. Therefore Shanghai is going to continuously expand the scope of utilization for foreign investments. During the Ninth Five-Year Plan, the current preferential policy practiced by Shanghai in favor of foreign investors will be changed and replaced by market access procedures, while the policy that places stress on foreign investments will be gradually



converted into national treatment. This will become a major trend of the utilization of foreign investments in the period of transformation of the economic structure.

Shanghai will make full use of its strength to increase its appeal to world-renowned transnational companies, and will encourage them to invest in the six major pillar industries. At the same time, foreign investors will be encouraged to invest in high and new technology projects that suit the country's industrial structure readjustment program, for instance, projects in the fields of computer, biological engineering, pharmaceutical engineering, new materials, and new manufacturing technology. Besides, Shanghai will also encourage foreign investors to play a part in developing tertiary industrial trades that serve the city, such as sanitation, packaging, printing, and food processing.

Sha Lin also disclosed that Shanghai will move, in a planned and discriminating manner, industrial enterprises now located within the boundaries of the city to the outskirts of the city during the Ninth Five-Year Plan. As a differential rent scale will be applied, enterprises will be pushed to improve their economic returns. The far-reaching significance of this strategic measure adopted by Shanghai lies in that it will not only reform the existing industries, but will also improve the ecological environment of the urban districts.

Shanghai will expand the fields for investment to attract foreign investors, guide the flow of foreign capital, step up its efforts to attract foreign capital to infrastructure construction projects, and try to make sure that foreign-funded investment projects are profitable. During the Ninth Five-Year Plan, Shanghai will present to overseas investors a large number of infrastructure construction projects, among which will be the new airport, the second line of the subway network, shipping facilities, the north-south rapid passage project, the outer rim highway, the power plant, the waterworks, and the environment amelioration project. Foreign investors will be allowed to join the construction of these large-scale urban facility projects in internationally accepted forms, such as Build Operate, Transfer (BOT) and B.E.T. The government will also allow foreign investors to play a part in operating these facilities and make a profit from them.

The market will be opened for foreign investors to invest in low-price housing projects and in housing projects exclusively geared to domestic demand. During the Ninth Five-Year Plan, Shanghai will have a demand for 50 million square meters of residential floor space. Shanghai's policy is based on the following idea: the government will provide land, while the foreign parties will provide funds; the project will be run on a co-

operative basis and will be completed in a fixed period; the government will take over the completed housing estates and the foreign parties will get a guaranteed 15 percent annual return. In other words, this will be one of the best, risk free investments, with the government guaranteeing the overseas investor legitimate rights and interests. In the meantime, Shanghai will also further open the secondary and tertiary real estate market, bring taxation under control, and straighten out market order.

During the Ninth Five-Year Plan, Shanghai will also set great store by the development of high added value industries. As an ideal place to start high added value investment projects, Shanghai will encourage foreign investors to play a part in running projects to develop new-type agriculture in counties on the outskirts of the city, improving the growing of vegetables and flowers with high and new technology, and developing more new varieties of farm products with high added value. Efforts will be made to improve the quality of poultry products by reforming the raising method. Recently, Shanghai officials have been busy in negotiating on a cooperative project with large foreign enterprise groups. The project is to build an extra large modern pig farm on the outskirts of Shanghai which is expected to produce 600,000 hogs a year.

### III. Shanghai and Hong Kong Will Be Able To Better Complement One Another, and Promote Cooperation at a Higher Level

In reply to this reporter's inquiry, Sha Lin particularly talked about the status quo of the economic and trade relations between Shanghai and Hong Kong, and the prospects for closer cooperation between the two cities in pursuit of common prosperity. With its own favorable conditions, how is Shanghai going to enhance its natural complementary relationship with Hong Kong during the Ninth Five-Year Plan? Sha Lin believed that in the wake of Hong Kong's return to the motherland, the Hong Kong business circles will be playing a more important and active role in promoting the economic modernization of the China mainland and of Shanghai.

He noted that investors from Hong Kong have always had confidence in Shanghai. During the Ninth Five-Year Plan, economic cooperation and trade between Shanghai and Hong Kong will definitely constantly develop to a higher level and higher quality. As Shanghai's economy is continuing to grow on a higher basis, he himself is absolutely confident that economic cooperation and trade between Shanghai and Hong Kong will be constantly strengthened through more extensive contact and exchange.

Sha Lin said: First of all, Hong Kong has long been one of Shanghai's major investment and trade partners. As



viewed from the modern history and the development trend since China's opening up, Hong Kong's investments in Shanghai have always been developing along the right track. According to authoritative information provided by the Shanghai Foreign Investments Administrative Committee, Hong Kong's investments in Shanghai have been constantly increasing since 1995 both in terms of the number of projects and the value of signed contracts, and Hong Kong has been ranking first among other external origins of investment funds. The value of investment contracts signed with Hong Kong in 1992 increased by 12 times over 1991; then in 1993 it increased by 150 percent over 1992; in 1994 it again increased by 45 percent over 1993. Although it dropped by 4 percent in 1995 as compared with the 1994 figure, the preliminary figure amounted to \$3.6 billion, roughly equal to the 1993 figure. By the way, the proportion of the investment funds really paid up by Hong Kong investors to the total value of all the investment contracts they signed with Shanghai partners has been increasing very quickly. From January to September 1995, this ratio increased by 50 percent over 1994. The scale of each average single investment project has increased as well. The range of investments has been constantly broadened, and investments have now been extended to cover more than 30 trades, including infrastructure, foreign trade, finance, insurance, real estate, and shipping.

In the next place, Sha Lin noted, there is a natural complementary relationship between Shanghai and Hong Kong. Shanghai has set a goal to rise as an international economic, financial, and trade center by 2010. He said: Shanghai, located in the middle of the Chang Jiang delta, has its own favorable conditions, while Hong Kong as an open market economy has an irreplaceable position of strength in such areas as entrepot trade, finance, telecommunications, information, and management. During the Ninth Five-Year Plan, in view of Shanghai and Hong Kong's different status and special characteristics, and out of consideration for their common fundamental interests, the complementary and mutually beneficial relationship between the two places will constantly increase, and there will be vast vistas for cooperation.

Deputy Mayor Sha Lin expressed his thanks to CHING CHI TAO PAO of Hong Kong as an authoritative magazine, for the efforts it has made over the past many years in providing foresightful reports on China's economy, publicizing and promoting Shanghai's image, and showing concern for and giving support to Shanghai's economic development. He said he himself is a loyal reader of CHING CHI TAO PAO, acquiring information and inspiration from the magazine. Also present at the interview were Jiao Yang, head of the external pro-

paganda department of the information office of Shanghai, and Pan Liming, head of CHING CHI TAO PAO's Shanghai office. 14043

#### **PRC: Shanghai To Attract \$10 Billion in Foreign Capital in 1996**

*HK3007080296 Hong Kong CHING CHI TAO PAO in Chinese 15 Jul 96 No 2478, p 30*

[From the "China Economic News" column: "Shanghai To Attract \$10 Billion of Foreign Capital This Year"]

[PTS Translated Text for FBIS] Shanghai Mayor Xu Kuangdi said a few days ago that Shanghai will focus on attracting a number of major projects using advanced technology and on inviting international corporations to set up their headquarters or regional headquarters there in the future in its effort to attract foreign investment.

It was learned that Shanghai has set its 1996 goals for using foreign capital as follows: Foreign capital directly used or actually available will amount to \$10 billion; the foreign exchange earned by foreign-funded enterprises will total \$4 billion. In the future, Shanghai will open its key industries, tertiary industry, and agriculture wider to foreign capital, including using foreign capital to develop the chemical industry and auto industry (manufacturing cars, trucks, and buses, among others). Four to five joint ventures in the chemical and auto industries will be set up within this year. Foreign capital will be channeled into high- and new-technology industries; namely, three major industries manufacturing integrated circuits and computers, using modern biological technology, and producing new medicines and medical supplies. Foreign capital will also be used to set up urban industries, including projects in the packaging industry, printing industry, food processing industry, garment industry, and the manufacture of precision components, which produce products with a high-added value and cause less pollution. In addition, foreign capital will serve the tertiary industry, including finance and trade in urban areas, and support the high- and new-technology industry. With regard to the tertiary industry, efforts will be made to sign, within this year, declarations of intention on five infrastructure projects that will be jointly funded by the local government and foreign investors and launched cooperatively, or solely funded with declarations of intention granting the exclusive management rights to the investors. Contracts for two to three of the five projects are to be signed within this year. By the end of this year, the Shanghai Municipal Government will, together with relevant departments, make concentrated efforts to solve the problem of excessive prices for residential units for the domestic market, as well as reduce the red tape involved, to encourage foreign businessmen to build residential units for the domestic market.

or low-priced houses. The authorities will try to ensure that construction of these houses will be under way on more pieces of land within this year. Foreign businessmen will be encouraged to open chain supermarkets, convenience stores, and fast food restaurants; to pilot the establishment of member-only discount stores; and to select more units to experiment with wholesale business in the districts other than central urban districts, including residential districts and districts where urban government offices are located. Foreign capital will be used to open up tourism resources, and one to two joint ventures with famous overseas travel agencies will be set up to develop international tourism. By the end of this year, three to four Sino-foreign joint-venture trade companies will be set up.

### Southwest Region

#### PRC: Article on Tibetan Culture

OW2607134496 Beijing XINHUA in English  
1259 GMT 26 Jul 96

[FBIS Transcribed Text] Beijing, July 26 (XINHUA) — An article titled "Is This Protection or Sabotage?", which is contributed by Xu Xingsheng today, outlines current cultural affairs in the Tibet Autonomous Region and says that Tibetan culture has a long history and strong ethnic characteristics.

While touring Europe in the spring of 1996, the Dalai Lama asserted that the traditional culture of Tibet has been destroyed and that the study of traditional culture in the capital, Lhasa, are subject to restrictions.

"The Tibetan ethnic group has gradually formed its unique culture in the long process of historical development," the article says, and asks, Has it been protected and developed or destroyed since the liberation of Tibet in 1951?

And, what are the specific contents of traditional culture? What do destruction and restriction refer to? The Dalai Lama often talks ambiguously on these matters.

According to the article, universally-recognized traditional culture refers to the spoken and written language.

Have these been destroyed or developed?

The 17-Article Agreement on peaceful liberation of Tibet signed by China's central government and the Tibetan local government on May 23, 1951, states that efforts will be made to develop the spoken and written language of the Tibetan ethnic group, in accordance with specific conditions in Tibet.

The regulations on the study, use, and development of the Tibetan language adopted by the Tibet Autonomous Regional People's Congress in July 1987 stipulate that

the Tibetan and Han languages are equally important in Tibet, but with the Tibetan language playing a dominant role.

"The position of the Tibetan language has been defined according to law," the article noted, and decisions, regulations and decrees adopted by the Regional People's Congress, and official documents and notices issued by the regional government use both the Tibetan and Han languages.

The two languages are also used in newspapers and TV and radio broadcasts, and books written in the Tibetan Language account for 70 percent of those published in Tibet.

In the hiring of factory and office workers and in accepting students for enrollment, priority is given to those with a good knowledge of the Tibetan Language.

The Tibetan language is also used for all major meetings. All offices, street and road signs, and public facilities use signs printed in the two languages, and the Tibetan Language is the medium used to teach major courses in all schools.

As in the case of any language, Tibetan has been developed along with the changes of the times. It has been greatly enriched in the process of social progress, with the addition of a large number of new words in philosophy, politics, the economy, science, and technology.

When the Dalai Lama ruled Tibet, there were few schools in the region and 95 percent of the people were illiterate. Those few Tibetans who could read were mostly lamas who read only Buddhist scriptures. But, Tibet now has thousands of schools that give Tibetans access to their language, drastically reducing the illiteracy rate.

We certainly should not talk about traditional culture without mentioning literature. King Gesar, a ten-million-character classic Tibetan folk epic, regarded as the crystallization of wisdom of the Tibetan people, used to be found only in the oral form among the Tibetan people.

After Tibet was liberated, the central government established special institutes, whose purpose was to rescue, collect, collate materials, and do research on the epic.

More than 3,000 tapes and three million books on the epic in Tibetan have by now been published.

Nyima Cering, a Tibetan artist, has had exhibitions of his paintings in the United States, Britain, India, and Spain, attracting attention at each show.



"Your paintings not only show traditional Buddhist painting techniques, but also show progress, which justifies the development of Tibetan art in China," said O'kying, a Tibetan living in Britain.

Over the past decade, more than 20 Tibetan art troupes have performed abroad, displaying the spectacular charm of the traditional culture. In 1994, one troupe performed in several European countries, and in Vienna the performance drew the following comment from newspapers: "cultural ambassadors from the roof of the world caused a hit in Vienna."

In June 1995, after enjoying the performance of the Shannan Song and Dance Troupe, not a few Dutch people were heard to remark, "Tibetan Songs and dances are so marvellous, we cannot understand when they say that 'Tibetan Songs and dances have been destroyed.'"

Tibetan artists, who were looked down upon and were homeless when the Dalai Lama ruled Tibet, are now respected across the country.

Cedain Zhoima, a herdsman's daughter in southern Tibet, is now a major actress and vice-chairwomen of the China Federation of Literary and Art Circles.

The article notes that there are innumerable cultural relics in Tibet and, since the late 1950s and early 1960s, organizations have been set up in Tibet to examine sites, ancient buildings, tombs, old stone tablets, and engravings.

An institute was set up to study the preservation of these, and in 1990, Tibet passed a series of local regulations on protecting, restoring, and administering cultural relics.

In 1961, 1982, and 1988, the Chinese government published a list of 13 local cultural relics that were under state protection and the regional government listed 11 sites under regional protection.

After almost 30 years of study, items such as pieces of stone, porcelain, bone, and seeds of rice from the Stone Age were discovered in parts of Tibet, providing important clues and research materials for studying the formation of Tibetans and Tibetan culture.

Since 1982, the state has allocated some 200 million yuan (about 24 million U.S. dollars) to help repair wall paintings and engravings at Tibet's key cultural sites, including the Potala Palace and Zhaxi Lhunbo Lamasery, giving new lustre to old or damaged relics.

The restoration program at the Potala Palace alone was the largest and most costly project that China has so far undertaken on ancient buildings, and was described by experts as a remarkable event in the history of restoration.

The Dalai Lama declared that China had undermined the religion, but the fact is that religious activities in Tibet are back to normal and the religious sites have been restored and preserved.

At present, over 1,700 religious sites in Tibet are open to the public and religious books are well protected.

In 1984, the local archives presented the Buddhist association with a Tibetan-language version of "Tangyur", the complete works of Zong Kaba, the founder of the Yellow Sect of Tibetan Lamaism, printed in Lhasa, and provided funds for the association to run a printing house for religious works.

Thus far, 1,000 copies of "Tangyur" have been printed for lamaseries inside and outside Tibet.

Remarkable improvements have been made in Tibet's medical care. In the past, when the Dalai Lama ruled Tibet, there were only two poorly equipped small medical institutions.

After the peaceful liberation of Tibet, the central government provided large sums of money for the development of Tibetan medicine, and there are now a research institute for Tibetan medicine, ten Tibetan medicine hospitals, three Tibetan medicine pharmaceutical factories, and hospitals in 71 counties that have Tibetan medicine departments. There are more than 1,000 people working in Tibetan medicine.

To expand the field, the regional government organized older experienced medical personnel to compile medical books on physiology, pathology, diet, and other topics.

In the field of Tibetology, there are more than 50 research institutes in Tibet and elsewhere in China. The China Tibetology Research Center was established in Beijing in 1986.

Research institutes cover such topics as Tibet's strategy of economic and social development, its history, the collection of Tibetan Buddhist scriptures, and research on different schools of Tibetan Buddhism.

There are nearly 30 magazines in Tibetan, Chinese, and English on such topics as Tibetan Studies, Tibetan Buddhism, Study of Social Development in Tibet, Study of Tibetan Arts, Tibetan Folk Customs, and Tibetan Culture, not to mention numerous books on Tibet.

Since the 1980s, the region has expanded its international academic contacts, and nearly 200 foreign scholars and persons with a Tibetan background have come to Tibet for academic exchanges or scientific and research cooperation projects.

A number of Tibetan scholars have been invited abroad for visits, lectures, or academic conferences.



During the Seventh International Conference on Tibetology held in Vienna in June of last year, many scholars said it was encouraging to see that the research on Tibetology in China had seen considerable progress in recent years.

The article said that this clearly shows that Tibetology has been protected and not damaged, and that customs are a natural part of traditional culture, which are changing with society.

Backward customs and those that do not keep up with the times will be replaced by new ones, as is the case in every nation and among every ethnic group, the article concluded.

What are the traditional customs that the Dalai Lama claims have been destroyed? the article asked.

In cities and towns, in rural and pastoral areas, over the past several decades, the majority of Tibetans have basically maintained the traditional customs and habits in their daily lives, the article said, wearing traditional costumes, eating traditional food, and live in Tibetan-style houses.

The article went on to say that, each year, Tibetan people have celebrated traditional festivals, such as the Tibetan New Year, the Xodoin Festival (a traditional dramatic festival), the Onggo Festival, and the Dama Festival.

With the development of society, some changes have taken place in people's everyday lives, the article said, with some Tibetans wearing both Tibetan and Western clothing, some having moved to buildings from tents, some using electric lights instead of butter lamps, or using coal for fires instead of dried cow dung.

There are some customs and habits that have indeed disappeared, the article added, such as in the past when lamas used human skulls, human blood, or human intestines during recitations and religious services.

The organs of unmarried girls were also used by temples formerly as musical instruments, and these barbarous and cruel traditional practices have been eliminated, the article said.

It noted that in former times, serfs and ordinary people had to get on their knees, bow, and stick their tongue out to show respect to aristocrats when they saw them. This traditional but outmoded practice has also been eliminated by Tibetan people.

In the past, Tibetans would invite lamas to recite scriptures to avoid disasters, cure diseases, drive away plagues of locusts, and remove the threat of hail or ill health.

The article said this practice has been abandoned by the Tibetan people.

The above-mentioned facts show that Tibetan culture has been protected and also developed. To protect and develop traditional Tibetan culture is what the Constitution of the People's Republic of China has called for. Article 119 of the Constitution stipulates that the governing bodies of China's autonomous minority areas should administer local undertakings of education, science, culture, public health, and sports; and local governments should also protect the cultural heritage of the minorities and develop the cultures of the ethnic groups.

They should develop cultural programs for such areas as literature, the arts, journalism, publishing, radio, film, and television, according to the Law on Regional Autonomy for China's National Minorities.

The government is responsible for collecting, collating, translating, and publishing books of ethnic groups, as well as protecting historical sites, cultural relics, and important historical and cultural heritage, the law states.

And in conclusion, the article went on to quote various people who expressed their opinion about how the Chinese government has protected and developed traditional Tibetan culture.

Finally, Chingmai Cering, a former member of the Dalai Lama's group "Four Rivers and Six Mountains", who was in India last year, said, after visiting an exhibition of noted Tibetan painter Nyima Cering, "In the past 30 years, the Dalai Lama often said that the Chinese government destroyed Tibetan culture, but," he continued, "from your paintings, I understand that great changes have taken place in my hometown and culture has been protected and developed," he remarked to the painter.

### North Region

#### PRC: Hebei's Hengshui Prefecture Renamed Hengshui City

SK3007044396 Shijiazhuang HEBEI RIBAO  
in Chinese 13 Jul 96 p 1

[FBIS Translated Text] The State Council has recently approved the abolition of Hengshui Prefecture and the county-level Hengshui City and the establishment of the prefecture-level Hengshui City and Taocheng District. The administrative divisions of former county-level Hengshui City have become the administrative divisions of Taocheng District.

The newly-established Hengshui City has jurisdiction over Taocheng District and former Hengshui Prefecture's Zaoqiang County, Wuyi County, Wuqiang

County, Raoyang County, Anping County, Gucheng County, Jingxian County, and Fucheng County. Former Hengshui Prefecture's Shenzhou and Jizhou cities have been put under the direct jurisdiction of the provincial government and are to be administered by the prefecture-level Hengshui City on behalf of the provincial government.

**PRC: Changes in Inner Mongolia Administrative Divisions Noted**

SK3007024396 Hohhot NEIMENGGU RIBAO  
in Chinese 12 Jul 96 p 1

[FBIS Translated Text] To meet the needs for developing the market economy, give full scope to key cities' influential and leading functions, further develop the regional economy, and accelerate the pace of developing and building poverty-hit areas, the State Council has approved the incorporation of the counties of Horing, Qingshuihe, and Wuchuan, which were under the jurisdiction of the Ulanqab League, into Hohhot City; and to incorporate Darhan Muminggan Joint Banner into Baotou City. The hand-over work has now been completed smoothly, and the work in all spheres is operating well. Recently, with the approval of the PRC Ministry of Civil Affairs, the Aershan Economic Development Zone under Hinggan League was changed into a community-level city. Now, our region has 101 banners and counties (cities and districts.)

**PRC: Inner Mongolia Leaders View Economic Reform**

SK3007023796 Hohhot NEIMENGGU RIBAO  
in Chinese 9 Jul 96 p 1

[By reporter Chen Li (7115 0500)]

[FBIS Translated Text] The three-day meeting of the secretaries of leagues and cities of the whole autonomous region ended on 8 July in Hohhot.

This meeting was mainly to analyze the regional economic situation for the first half of this year, and to study the major problems and reasons for these problems in economic operations. Following the requirement to carry out the two basic changes and achieve the goal of two increases [increasing financial income and increasing the income of urban and rural people], we should set forth measures to resolve problems and overcome difficulties. Our aim is to pay down-to-earth attention to the economic work in the second half of this year, ensure that we encompass the whole year's economic plan, and greatly increase financial income and the income of urban and rural people.

Attending the meeting were Liu Mingzu, Wu Liji, Bai Enpei, Wang Zhan, Wuyunqimuge, Yun Bulong,

Feng Qin, Han Maohua, Bai Yin, and Long Ren. Also attending were the main leaders of the several leading bodies of the autonomous region, secretaries of leagues and cities, heads of leagues, mayors of cities, and the main people in charge of related departments, commissions, offices, and bureaus. On the afternoon of 8 July, the cadres at and above the division level and directly under the province came to the meeting to listen to the important speeches made by Liu Mingzu and Wu Liji.

The speech by Liu Mingzu had four parts: First, the overall assessment of the economic situation of the first half of this year. Second, the existing problems and their main reasons in current economic work. Third, effective measures to rapidly change the passive situation of the industrial economy. And fourth, the work for the next half of this year.

Liu Mingzu held that in the first half of this year, party committees and governments at all levels of the whole autonomous region have led cadres and people of all nationalities to make economic construction as the core, and correctly handle the relationship between reform, development, and stability. Focusing on achieving the goals of carrying out the two basic changes, the two increases, and the two historical tasks, we carried forth the spirit of relying on our own efforts and struggling arduously. Difficulties were overcome, new trails were blazed, and a lot of effective tasks were carried out. The party's building of the whole region, especially the building of the leading bodies at all levels, was reinforced. The building of socialist ethics, whose core content was ideological and moral education and whose main form was to establish civilized units, continued to deepen. In accordance with the unified arrangement of the central authority, we developed the "strike hard" [anti-crime operation] struggle in a unified manner, and thus maintained social stability. The economy continued to grow despite difficulties. Judging from the overall situation, the political and economic situation in the first half of this year was good and mainly reflected in the following respects. The production of agriculture and animal husbandry was better than last year. Good momentum was seen in crops. As of the end of June, the number of large and small animals was expected to reach about 64,000,000. This is the twelfth straight year in which Inner Mongolia has had good results in animal husbandry. Industrial production continued to grow. In the first half of this year, the added value of the industries at and above township level for the whole autonomous region totalled 10.646 billion yuan, up 8.5 percent compared to the corresponding period last year. The nonstate-owned economies achieved more accelerated development. In particular, the development



figure for township enterprises doubled. From January to May, the township enterprise of the whole autonomous region achieved output value totalling 37.13 billion yuan, up 116.9 percent over the corresponding period last year. A breakthrough was made in opening up to the outside world and lateral cooperation. The financial and banking situation was basically stable. The inflation rate of market prices was down. Marketing volume increased. The impetus to aid the poor also increased.

Liu Mingzu held: In the first half of this year, we have achieved certain results in our economic work. However, there were also some problems. Especially since May, the problems in the operation of the industrial economy have been quite conspicuous. The main trends have been that the number of enterprises incurring losses has increased; the amount of losses has increased; development speed has become slow; and efficiency has greatly decreased. The occurrence of these problems, if analyzed in a radical manner, could be attributed to our insufficient understanding of Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics and our failure to adapt ourselves to the socialist market economy. Specifically speaking, the major reasons are: Our guidance to the industrial economy was not effective. Second, our thoughts and spirits did not properly conform to the requirements of a socialist market economy. Third, our reform was still behind. Fourth, management was backward. Fifth, the adjustment of the product mix and industrial structure was slow and the impetus was insufficient.

Liu Mingzu pointed out: The serious deficits and the decrease in the economic profits of industrial and commercial enterprises have directly affected the increase both in revenue and urban people's per capita income. If we fail to radically change such a situation in the second half of this year, the "two increases" we are calling for, especially the increase in urban people's per capita income, will not be attained. Such a grim situation merits great attention from our leaders at all levels. The party's leading cadres at all levels should proceed from the need to attain the two increases, equip themselves with the strong will and courage to conquer all difficulties, enhance their confidence, uplift spirits, make earnest efforts to do practical work, and adopt realistic and effective measures to promote the industrial sector of the economy.

Liu Mingzu pointed out: First, we should fully understand the importance of industry and conscientiously strengthen leadership over it. While never slackening agricultural production, we must embrace the guiding thought that the "entire party pays attention to the economy, with a focus on industry and with efficiency put in prominent position," and conscientiously strengthen

leadership over the industrial sector of the economy. 1) Principal leaders should pay attention to industry personally; 2) enterprises should be helped in organizing their leading bodies well; and 3) problems in the mindset of leading cadres, especially enterprise leading cadres, should be addressed. Second, great efforts should be devoted to the reform of state-owned enterprises in line with the principle of "keeping a firm hold on large enterprises while deregulating small ones." Based on the principles put forward in the important speeches given by Comrade Jiang Zemin at forums of enterprise reform and development in Shanghai, Jiangsu, Zhejiang, and Shandong in May this year, we should further achieve unity in our thinking and firmly implement these principles. Party committees and governments at all levels should pay great attention, strengthen leadership, go deep into the grassroots levels, increase efforts in work, and, starting with the work of clarifying property rights and probing asset management methods, intensify enterprise reform. Efforts should be made to enable state-owned large and medium enterprises to truly gear to market demand and become major competitors in the market, and also to enable superior state-owned small enterprises to survive and inferior ones to be eliminated amid competition. Third, we should expedite structural readjustment, with the focus on enlivening the reserve assets and expanding economies of scale. Aiming at cultivating and expanding superior products and establishing scale merit, we should promote the rational circulation of reserve assets, expedite the development of enterprise groups, and expand economies of scale by breaking the barriers between different industries, between parent departments and subsidiaries, between different ownerships, and between different regions, and through such measures as cooperation, mergers, share control, share purchases, leasing, and auction. This way, we will be able to increase output, upgrade quality, establish advantages, and improve economic efficiency by investing less or none at all. Scientific plans should be worked out for the adjustment of the industrial composition and product mix based on an analysis of the domestic and world markets and the situation of the region and various leagues and cities. Fourth, we should seriously learn from the experience of Handan Iron and Steel Complex and conscientiously strengthen enterprise management. When learning from the experience of Handan Iron and Steel Complex, we should focus on the essence, integrate the endeavor to reduce cost with the effort to intensify reform, strengthen management, and improve the vital interests of staff and workers. Fifth, we should increase efforts in technical transformation and expedite the transition in the economic growth pattern. With market demand as the guide, all localities should properly arrange the use and prioritization of the investments in



technical transformation. Sixth, we should provide great support to the development of superior enterprises. By supporting and expanding the superior enterprises and letting superior enterprise groups annex inferior enterprises, enterprise groups led by superior enterprises and communities of interests will be established step-by-step, which will then promote the rational circulation of the essential elements of production and the realignment of reserve assets. Seventh, every means should be adopted to expand the sources of funds to ease enterprises' shortage of funds.

Speaking on ways to achieve success in all the work for the second half of this year, Liu Mingzu pointed out: 1) We should continue the large-scale intensive study activities and discussions on the theory on the socialist market economy. Discussions should be held based on people's understanding, work reality, and local development in reform, opening up, and the economy so that gaps can be discovered and measures formulated. In particular, we should resolve the issue on enhancing the sense of opportunity, and should have the courage and ability to seize the opportunity to pursue development. The "two increases" are not only the theme of but also the criterion for judging the large-scale study activities and discussions. 2) We should firmly embrace the idea of combating disasters to reap bumper harvests and intensify the construction of capital facilities for farmlands and grasslands, with the focus on water conservancy facilities, to fundamentally improve the conditions for production. 3) We should concentrate efforts to combat earthquakes and provide relief, attend to relief work and production simultaneously, and make sure both relief work and production are carried out on time. 4) We should seize the opportunity to open wider to outside work and expand lateral ties at home. 5) We should strengthen leadership and work in a down-to-earth manner to ensure the realization of the annual "two-increase" target. First, strengthen the collection and management of taxes and strengthen the management of extrabudgetary funds. Second, vigorously develop nonstate sectors of the economy and increase the employment rate. Third, continuously develop the "vegetable basket" project and pay attention to regulating and controlling prices of goods. 6) Make good preparations for implementing the guidelines of the sixth plenary session and promote the building of socialist spiritual civilization. 7) Consolidate the achievements in dealing strict blows to criminal activities and strengthen the overall improvement of social order. We should regard the "severe crackdown" struggle as a regular task and further extensively mobilize and rely on the masses to wage the struggle in an in-depth and sustained manner. 8) Intensify objective management and pay firm attention to the fulfillment of tasks. We should conscientiously

implement the regional party committee's "Decision on Strengthening and Improving the Assessment of Party and Government Leading Bodies and Leading Cadres' Real Achievements," and the "Regional Party Committee and Government's 1996 Plans for Assessing the Performances of the Leading Bodies of League and City Departments and Bureaus;" strengthen supervision, examination, and assessment; and ensure the fulfillment of all assessment tasks. We should be inspired with enthusiasm, quietly immerse ourselves in hard work, and firmly attend to the implementation of all tasks. Particularly, the areas and departments which lag far behind others should be determined to work hard and do all they can do to catch up with the advanced.

At the meeting, Wu Liji delivered a speech titled "Further Emancipate the Mind, Expand the Dynamics of Work, and Strive To Upgrade the Level of Opening Up." He pointed out: A country or region must open itself to the outside world in order to accelerate the pace of development. A general law has taken shape: The degree of development depends on the degree of opening up. Inner Mongolia has rich natural resources, good conditions for developing basic industries, and great potentials for development. A lack of capital, technology, communications conditions, talented persons, and management experience are the major factor restricting the development of the region. We cannot rely on our own forces or state short-term subsidies to solve this problem. Therefore, the most effective way for solving this problem is to further expand the scale of opening up.

Wu Liji said: Since the Third Plenary Session of the 11th Party Central Committee, the regional party committee and government have paid attention to the work of opening the region to the outside world, and the region has also made great achievements in this regard. However, we must acknowledge that our region still has a long way to go in order to attain the overall national level of opening up; it is basically at the initial stage of opening up. Major manifestations are that the export-oriented economic sectors account for a small proportion and develop slowly and unevenly, and their economic results are not ideal. There are many reasons for this. However, we must take a subjective point of view to determine where we lag behind. First, we fail to emancipate our minds and renew our old ideas. Second, some of our ideas do not deal with the issue broadly and we do not have sufficient schemes. Third, we fail to make great determinations, and our measures are not effective. Fourth, the tangible environment is backward, and the intangible one is not good. Fifth, systems are unsmooth and uncoordinated. We must squarely face these problems, upgrade our understanding, be inspired

with enthusiasm, and strive to upgrade the level of opening to the outside world.

To win success in the overall battle of opening up, Wu Liji pointed out: First, we should further emancipate our minds; strive to make the broad masses of cadres and people maintain a mental state of putting pressure on us, waging an arduous struggle, vigorously making progress, and striving to create a first-class work level; and gradually form a good work style of being diligent in thinking, having the daring for practice, seeking truth, and dealing with concrete deeds. Second, we should be good at grasping favorable opportunities. Third, we should be good at using external forces to positively keep good contacts with key domestic areas and departments, and enthusiastically strive for state preferential policies and convenient conditions. Fourth, we should gradually upgrade the layers and levels of opening to the outside world, persistently use the existing assets to attract foreign investment, exchange markets for technologies, and positively explore new forms to conduct cooperation with foreign countries. Fifth, we should create a good investment environment. We should do a good job in making a long-term plan, concentrate efforts to implement it, and concentrate efforts in the next few years to greatly improve the tangible environment. We should focus the construction of the intangible environment on strengthening management and upgrading service quality. Sixth, we should build a keen-witted and capable cadres contingent. In short, our region should ceaselessly push its opening work to a new stage and should comprehensively realize an economic leap.

During the meeting, the comrades participating in the regional conference of league and city party committee secretaries thoroughly discussed the subjects of the meeting and set forth many suggestive opinions.

**PRC: Shanxi Leaders Speak at Conference of Cadres**

SK3007044596 Taiyuan SHANXI RIBAO in Chinese  
11 Jul 96 p 1

[By reporter Zheng Fengqi (6774 7685 1477)]

[FBIS Translated Text] The provincial party committee held a conference of cadres at and above the deputy director level of the various departments directly under the province on the morning of 10 July. The conference relayed the guidelines of the important speeches given by Vice Premiers Zou Jiahua and Li Lanqing during their recent inspection in Shanxi. Hu Puguang, secretary of the provincial party committee, chaired the conference. Governor Sun Wensheng spoke to come up with specific opinions on how to implement the guidelines. Zheng Shekui, deputy secretary of the provincial party com-

mittee, and Liu Zhenhua, executive vice governor, also spoke to relay the important speeches by Vice Premiers Zou Jiahua and Li Lanqing, respectively. More than 300 persons attended the conference, including responsible comrades of the provincial party committee, people's congress, government, committee of the Chinese People's Political Consultative Conference [CPPCC], and discipline inspection commission; former leaders at and above the provincial vice governor level; incumbent responsible comrades at and above the deputy director level of the various departments directly under the province; and the Standing Committee members of the provincial people's congress and CPPCC committee living in Taiyuan.

Vice Premier Zou Jiahua came to Shanxi to attend the celebration for the opening of the Taiyuan-Jiuguan Expressway on behalf of the State Council and Premier Li Peng. He said: The reason why the central authorities attach importance to the Taiyuan-Jiuguan Expressway is that the expressway is important not only to Shanxi but also to the country. A very important distinguishing feature reflected in the construction of the expressway is the integration of the two civilizations, resulting not only in tremendous material achievements but also in fruitful spiritual achievements. The successful experience and the Taijiu spirit created during the construction are the results of the integration of economic work and political work. They will play a role not only in economic construction but also in people's thinking. The Huang He water diversion project is a key project of Shanxi's socialist construction, which is decided on by the provincial party committee and government and based on the people's interests and needs. This project must be built. The question now is not whether we should start this project, but how we should achieve better and faster results in building this project. The decisions of the Shanxi Provincial party committee and government on building the infrastructural facilities are correct, and the state and relevant departments are supportive of these projects.

After inspecting Shanxi's work, Vice Premier Li Lanqing said: Under the leadership of the provincial party committee and government, the people of Shanxi have firmly implemented the party's basic line, exerted great efforts to implement the two fundamental changes in line with specific local conditions, prioritized key areas, paid attention to crucial areas, carried forward the spirit of plain living and arduous struggle, persisted in a scientific approach, worked in a down-to-earth manner, sought truth from facts, and thus achieved notable results in various aspects. Shanxi's leading bodies have united as one; veteran comrades have been supportive of the current leading bodies; and the provincial party com-



mittee, government, and other leading bodies have provided support to each other, accurately pinpointed problems, and had great determination and made concerted efforts to tackle them until they are resolved. Such a work style should be developed. The "three foundations and four priorities" [the foundation of agriculture, infrastructural facilities, and basic industries, as well as coal mining, power transmission, water diversion, and road construction] are a very clear idea for development based on reality and after large amounts of research and repeated analysis. We should persist in it. When the endeavors of reform and opening up, of rejuvenating the country by promoting science and education, and of living a plain life and making arduous struggle are properly combined, they will display great power. The four priorities you came up with look simple but have very rich meaning. I believe Shanxi will achieve a new leap in economic and social development in a short period of time.

Instructions given by central leading comrades, including Jiang Zemin, Li Peng, Zhu Rongji, and Liu Huaqing, during their inspection in Shanxi since January 1994 were printed and distributed at the conference. These leading comrades have appraised Shanxi as follows: Shanxi's current leading bodies are full of vitality and unambiguous in implementing the instructions of the party Central Committee with Comrade Jiang Zemin as the core; they have worked in a down-to-earth manner and accomplished plenty of practical work; they have advocated and carried forward the fine tradition and work style of plain living, arduous struggle, and building the country through thrift and hard work; and the cadres of the provincial party committee and government have a very good mindset, a firm determination to change the backward outlook, and a high spirit. Shanxi has very clear ideas for development, and the "four priorities" it has put forward are compatible with both the specific conditions of Shanxi and the state's industrial policy. Shanxi has made great contributions to the state. It is hoped that it will actively create experience based on its practice and will strive to be in the lead. The central authorities are supportive of the Shanxi Provincial party committee, and the veteran comrades of the province should also support it and unite as one to achieve better results in Shanxi's construction.

Before this conference, the provincial party committee held a Standing Committee meeting on the morning of 8 July to study and discuss the important instructions on Shanxi's work given by the two vice premiers and other central leaders. It also decided that the guidelines of the important instructions be relayed provincewide in a unified manner and seriously implemented, with each sharing the responsibility. At the Standing Committee

meeting, provincial leaders reached the view that the speeches given by central leaders during their inspection in Shanxi showed not only their concern for Shanxi but also, and more, their understanding, support, and encouragement to Shanxi; that they not only affirmed Shanxi's achievements but also set demands on Shanxi's future economic development; and that we must seize opportunities, acquire a good command of the guidelines of the central leaders' speeches, further unify our thinking, enhance confidence, make concerted efforts, make Shanxi's work successful, and bring prosperity to Shanxi's 30 million people as soon as possible. Attending the meeting were provincial leaders Hu Fuguo, Sun Wensheng, Zheng Shekui, Wang Yunlong, Liu Zemin, Lu Gongxun, Guo Yuhuai, Feng Zhimao, Liu Zhenhua, Wu Zhengguo, Zhang Bingfa, Ji Xinfang, Du Wuan, Xue Jun, Wang Xin, and Wu Junzhou.

At the 10 July conference, Governor Sun Wensheng set specific demands on implementation of the guidelines of the two vice premier's speeches on behalf of the provincial party committee. He pointed out: The key to implementing the major guidelines of these two vice premiers' speeches given during their inspection is that we should conduct conscientious study, carry out the guidelines of the Fifth Plenary Session of the 14th Party Central Committee, strive to realize the two fundamental changes, and unswervingly implement the strategy of rejuvenating the country by promoting science and education, the strategy of sustainable development, the strategy of "three foundations and four priorities" for economic development defined by the provincial party committee and government, and the strategy of "promoting the overall work while making breakthroughs in key areas" for reform. To smoothly attain Shanxi's "three-step" cross-central strategic objectives, we should build infrastructural facilities well, promote scientific and technological progress, and greatly develop education. We should make these three endeavors stand like the legs of a tripod and become the foundation and fulcrums for implementing the "three-step" strategy and achieving economic leap. When implementing the guidelines of the speeches of Vice Premiers Zou Jiahua and Li Lanqing, we should aim at achieving success in all our work. First, we should carry forward the Taijiu spirit and do a good job in the construction of key projects. With the spirit of self-reliance, hard struggle, indomitable efforts, and selfless devotion, we have built the Taiyuan-Jiuguan Expressway with low cost and high quality within a short construction period. As some key projects, such as the Huang He water diversion project and the Yangcheng Power Plant, have entered a crucial period, we will encounter greater and more difficulties. We must face up to these difficulties, work hard, seriously tackle all contradictions, carry for-



ward the Taijiu spirit, and rouse enthusiasm once again to successfully complete all these key projects. Second, we should pay serious attention to implementation of the "three major tasks." Opening wider to the outside world, adjusting the industrial composition, and tackling the most difficult problems in the aid-the-poor work are the three major tasks Shanxi should carry out this year and through to the end of the Ninth Five-Year Plan period, and also the key tasks deciding whether Shanxi's economic and social development can be expedited. In line with their specific conditions, all levels and all departments should adopt effective measures to successfully carry out these "three major tasks" and, in particular, improve the tangible and intangible conditions for opening wider to the outside world. Third, we should promote science work and education to another new level. Schools of all categories and at all levels should further straighten out their guiding thoughts for running schools and make these guiding thoughts more realistic and better serve Shanxi's Ninth Five-Year Plan and long-term targets for the year 2010. We should disseminate the experience of Fangshan's Gechazui, Lulin's Qianyuan Village, Pingding's Lijia Village, and Zuoyun vocational school, make basic education successful, and accelerate the work to develop agriculture with science and education. Improvement of the housing conditions for teachers, a priority, should be achieved to a notable extent within a short period. Fourth, we should make foreign trade still better. The ideas for management should be changed, and a substantial step made in implementing the "agent system." The past practice emphasizing exports to earn foreign exchange should be transformed into one emphasizing quality, creditability, and efficiency. We should no longer lose money in exports. We should actively advocate the agent system and grant production enterprises more autonomy in exports. Fifth, chain-store operations should be promoted in commerce. Internal trade departments should develop chain stores and second-hand goods markets and make sure government functions are separated from business management. The provincial trade union council should cooperate with relevant departments to formulate the methods for workers to establish consumers' cooperatives to help lift the staff members and workers of the enterprises in difficulty from predicament. Sixth, we should carry out water conservation in all aspects and integrate water diversion with water conservation. All trades and professions should conserve water consumption and should encourage and support on a priority basis the products that save water when developing new projects in the future. We should strengthen leadership, planning, and organization for water conservation and achieve success in water conservation through economic

means, application of water conservation technology, and education in water conservation.

In his speech, Hu Fuguo, secretary of the provincial party committee, pointed out: Standing Committee members of the CPC Central Committee Political Bureau, members of the Secretariat of the CPC Central Committee, State Council vice premiers, state councilors, and other central leading comrades, such as Jiang

Zemin, Li Peng, Zhu Rongji, and Liu Huaqing, have come one after another to inspect Shanxi's work over the past few years. They have fully affirmed Shanxi's achievements, and had the same assessments of Shanxi. We should thoroughly understand the guidelines of central leaders' instructions and make Shanxi's work still better. First, we should have a clear understanding of the excellent situation and unfailingly follow the instructions of central leading comrades to enhance confidence, work in unity, and promote Shanxi's modernization drive more successfully. Second, we should unify thinking, correctly understand central leaders' encouragement and support, and remain clear-headed to note that Shanxi still has 3.8 million people to lift from poverty and many large and medium state-owned enterprises to be lifted from difficult circumstances. We should provide more encouragement, never feel disheartened, and unify thinking to improve infrastructure and education and to develop science and technology. Third, we should distinguish right from wrong and fully understand the importance of construction of the Taiyuan-Jiuguan Expressway, the Huang He water diversion project, and other key projects, which is a major task concerning not only the province but also the entire country. To safeguard public interests, we should enhance confidence, eliminate obstacles, make earnest efforts to carry through to the end whatever the provincial party committee has decided on and the people have supported, and never stop until our purposes are attained.

### Northeast Region

#### PRC: Heilongjiang Secretary on Economic Development

SK3007022596 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 28 Jul 96

[FBIS Translated Text] The recent meeting on the work of the provincial committee ended on 28 July. At the meeting, Yue Qifeng, secretary of the provincial party committee, stressed: It is imperative to further study and implement the guidelines of General Secretary Jiang Zemin's series of important speeches, relay and implement Premier Li Peng's instruction for Heilongjiang Province's work, further emancipate thinking, enhance

spirit, seize the opportunity, advance by taking advantage of the favorable situation, implement the overall thinking of the provincial party committee for economic development in a better manner, accelerate the whole province's reform and economic development, and promote the building of two civilizations.

Yue Qifeng pointed out: The higher and lower levels across the province should unswervingly implement the provincial party committee's overall thinking for economic development, and do a better job in economic work. He continued: During the first half of this year, the economic situation of the whole province continued to develop towards a good trend. GDP increased by 9.7 percent over the same period last year, the greatest increase achieved in the last seven years. Other fields of work also witnessed a good situation. The macroeconomic performance in the province began to show a favorable circumstance of a normal increase in production, investment, and consumption, and a decline in commodity prices.

Yue Qifeng said: In spite of the fact that the province's economic and social developments were quicker and better than expected, we should never overestimate the achievements in any case and never be blindly optimistic or lower our guard. We should all the more treasure the hard-earned good situation, the overall thinking for economic development which has been proved effective by practice, and the enthusiasm of the broad masses of cadres and people in conducting reform and seeking development, always maintain the trend of seeking unity, advancing forward, and boosting enthusiasm, and carry out this year's economic work in a down-to-earth manner. Further efforts should be made to mobilize the whole province to accelerate the building of a strong agricultural province. The province and various cities, prefectures, and counties should further implement the measure of producing 15 billion kg of grain by the end of this century, accelerate the building of strong agricultural counties in an effort to bring along the building of a strong agricultural province, and exert special efforts to change the agricultural growth mode, transform medium-and low-yield fields, and raise the per-unit area yield. At present, we should prominently grasp well three affairs. First, we should combat disaster so as to reap a bumper harvest. Second, we should accelerate the development of the richly endowed land resources and create a macro climate of accelerated development in Heilongjiang. Along with the rising upsurge in which people in and outside the province and at home and abroad have come to Heilongjiang to develop the land, we have every reason to make the best use of the situation to expand opening up, development, and joint development in this miraculous black earth, and ac-

celerate efforts to build and to rapidly form the macro climate of accelerating Heilongjiang's economic development. Third, we should vigorously develop township enterprises. Developing township enterprises is the road which the rural areas must follow in expanding the balance of economic aggregates, becoming rich and attaining a level of moderate prosperity and consolidating the worker-peasant alliance. Developing township enterprises is also a strategic move for narrowing the gaps between the eastern, central, and western parts of the province as well as narrowing the gaps between the inland and coastal areas. It is also necessary in order to consolidate the party's political power in the rural areas and successfully build grassroots party organizations and raise their cohesion and fighting capacity. During his inspection tour, Premier Li Peng also called on us to accelerate the development of township enterprises and place the work focus on the intensive processing of farm and side-line products and local resources. This is absolutely in conformity with the province's reality. We should conscientiously grasp and implement his instruction.

Yue Qifeng said: To do a good job in implementing the guidelines of Premier Li Peng's instruction, we should give play to the advantages of the old industrial base and fight a tough battle of raising the quality of growth and efficiency. The petroleum industrial sector should pay attention to developing petrochemical industry as well as high and new-tech industries and turn the unleavened dough into leavened dough that brings along accelerated development in the whole province's economy. The coal industrial industry should pay attention to the development of coal-generated electricity, coal chemical industry, and diversified undertakings and strive to end the dangerous and difficult situation as early as possible. The machinery industry should be guided by the market and should accelerate the adjustment of the production setup and product mix. We have repeatedly stressed that some enterprises which are national treasures should be guided by the market, and should open up a second battlefield, vigorously develop forestry industrial machinery and agricultural machinery products in addition to heavy-duty machinery products, and actively develop diversified undertakings. All localities and departments should realistically grasp this work and achieve good results as quickly as possible.

While guaranteeing the development of war industrial products, the war industrial sector should also continue to develop civilian products and, at the same time, vigorously carry out diversified undertakings, transfer manpower to the agricultural sector, and guarantee self-sufficiency during the Ninth Five-Year Plan period.



Yue Qifeng stressed: We should unswervingly regard reform as the fundamental basis and the fundamental way out for accelerating Heilongjiang's economic development; further attend to reforms in five major aspects; continue to grasp reform of state-owned enterprises; act in line with the demands of the modern enterprise system of clarifying property rights, clearly defining rights and responsibilities, separating government functions from enterprise management, and conducting scientific management; follow the thinking of invigorating large enterprises while decontrolling small ones; combine reform, reorganization, and transformation with management; uphold the fundamental criteria of doing things conducive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country and improving the people's living standards; and explore ways to successfully run state-owned enterprises in the course of practice, continue to reform the systems of state farms, and further improve the dual management system in large farms and family-based farms. In order to suit the great change in the production relations of state farms, we should further reform the overlapping management organs and the administrative functions of planning bureaus and accelerate transition in the direction of developing companies and conglomeration. Management bureaus which have been abolished should not change their administrative layers in form but in essence. They should realistically change their functions and do a good job in the amalgamation and management of their assets. We should further strengthen the service functions and realistically delegate the management rights to farms; continue to do a good job in reforming the use of grasslands and water areas; continue to grasp reform of lumber industry; and reform the relationship between departments and regions. Strengthening the building of leading bodies, further raising the quality of cadre contingents, and enhancing their awareness in taking a two-handed approach in work are major matters having a vital bearing on implementation of the province's overall thinking for economic development. Judging from the province's overall situation, most of the leading bodies at all levels have fighting ability, appeal, and cohesion, and are capable of leading the people to fight a tough battle and do great deeds. The party organizations at all levels across the province and all communist party members should further strengthen the study of theories and the building of democratic centralism. The provincial discipline inspection commission is the party's discipline inspection organ, and the organizational, propaganda, and united front work departments of the provincial party committee, the political and legal commission, and the general office are the work departments of the provincial party committee. All cities and prefectures,

especially the relevant city and prefectural departments, should accept guidance or leadership from these departments without any exception, and should ask for instructions from and report the situation to the higher level in a timely manner while dealing with major issues or holding major activities. It is necessary to give greater impetus to reform of the cadre system and anticorruption work. Regarding the current major cases of (Liu Zuoqing), (Ha Kesen), and (Liu Jingbiao), we should give greater impetus to grasping them through to the end. We should further conduct a "strike-hard" [anti-crime operation] struggle, strengthen the building of spiritual civilization, submit ourselves to the unified stipulations of the central authorities, and never violate discipline in this aspect. The discipline inspection commissions and propaganda departments should strengthen inspection and supervision, and give greater impetus to implementing the stipulations. Now that the thinking on Heilongjiang's work is clarified and the objectives are defined, the key is to implement them. We should establish and improve the responsibility system for fulfilling certain targets and the responsibility system for grasping implementation work. All members of work teams and groups should attend to the work they are in charge of, share the tasks and targets at each level, and assure that there are people in charge of each aspect of work and the actual results. As for major work which affects the realization of tasks and targets, we should give supervision to all levels and feed the results back to them at a regular interval. The party Central Committee and the State Council and the 3.7 million people across the province have pinned ardent hopes on us. In face of the numerous difficulties, contradictions, and problems in Heilongjiang, and in face of such a province with tremendous development potential, we should continue to exert due efforts to develop this underdeveloped gold mountain. As long as leading bodies at all levels maintain unity and unification, they will be able to stand all kinds of storms in society. As long as we persist in promoting the Daqing spirit, the iron man spirit, the spirit of the Northern Wilderness, and the spirit of making breakthroughs in the high and cold region and let Heilongjiang's revolutionary traditions and fine work style pass on from generation to generation, Heilongjiang will be able to push its work to a new height and make greater contributions to the state. Let us rally more closely around the party Central Committee with Comrade Jiang Zemin as the core, and under the leadership of the provincial party committee, emancipate thinking, advance in a hardworking and enterprising spirit, redouble our efforts, seek actual results, strive to unceasingly push forward the province's reform, opening up, economic construction and all un-



dertakings, regain Heilongjiang's prestige, and display Heilongjiang's stately appearance once more.

**PRC: Heilongjiang Holds Meeting on Forestry System Reform**

*SK3007055296 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 29 Jul 96*

[FBIS Translated Text] On the morning of 29 July, the provincial party committee and government convened a provincial work meeting on the reform of the forestry system. At the meeting, the plan for implementing reform of forestry industry was promulgated. Yue Qifen, secretary of the provincial party committee, wrote a letter for the meeting titled: Reform is the way out for the forestry industry. Ma Guoliang, deputy secretary of the provincial party committee, made an important speech on Heilongjiang's reform of the forestry system.

The reform of Heilongjiang's forestry system took the spirit of the fifth plenary session of the 14th CPC Central Committee as the guidance, and carried out the spirit of the fifth plenary session of the seventh Heilongjiang Provincial Party Committee. The aim of the meeting is to carry out the two changes in the forestry economy and enliven the forestry economy, make it rich, and let it stand on its own. Currently Heilongjiang's forestry industry is administered by several departments, the industry operates as a whole, and government administration is not separated from enterprise management. In light of this current situation, we should transfer power to lower levels and clarify relationships, strengthen government administration of the forestry industry, and mobilize the initiative of governments at all levels in protecting and developing forestry. We should transfer to local city governments, prefectural administrative offices, and county governments the organization, personnel, funds, and accounts receivable and accounts payable on fixed assets of all enterprises and institutions practicing independent accounting, such as prefectural, city, and county forestry bureaus; state-owned forest farm companies; state-owned forest farms; state-owned sapling nurseries; township and town forestry workshops; and units in charge of comprehensive use of timber, machine processing, and scientific research and education, which are all subordinate to the provincial forestry department. The five forest farms, namely (Heilonggong), (Yinmanpo), (Laoheiji), (Sunlue), and (Jinshinshen), should be taken as the exemplary base for scientific research, education, and experiments. They should be assigned as units directly under the provincial forestry bureau and administered by the forestry bureau in a unified manner.

At the meeting, Ma Guoliang pointed out: In conformation with the reform of the forestry system, we

should push forward the overall development of afforestation, greening, and resource protection. State-owned tree farms and plant nurseries should be enlivened with a view to rejuvenating the forestry economy. The provincial party committee and government urged governments all levels to reinforce the impetus for reform, commonly share difficulties, and seek efficiency from reform and development.

All localities should proceed from the overall situation and carry out the plan for implementing reform of forestry industry. It is imperative to carefully organize and make arrangements to achieve success in reform of the forestry industry. The government's coordination function should be utilized, and the situation where each does things its own way should not be allowed. The relationship between reform and stability should be handled successfully. [words indistinct] It is imperative to give priority to maintaining the stability of forestry areas as it is the most important task.

Ma Guoliang emphasized that the core of forestry system reform is to, by resolving problems with regulation and control, mobilize the initiative of governments at all levels and the broad masses of people to protecting the development of forestry industry so as to achieve the goal of sustained growth of forestry resources. Therefore, after the reform, the forestry resources of Heilongjiang can only increase, not decline. This will be an important criterion for assessing whether the goal of the forestry system reform is achieved, and it is also an important task facing all leaders.

Attending the meeting were provincial leaders such as Zhao Jicheng, Sun Kuiwen, and Chen Wenzhi.

**PRC: Heilongjiang Secretary Speaks on Forestry System Reform**

*SK3007082296 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 29 Jul 96*

[FBIS Translated Text] In a letter to the comrades attending a provincial meeting on the reform of the forestry system on 29 July, titled "Reform Is the Way Out for the Forestry Industry," Yue Qifeng, secretary of the provincial party committee, said: is a big forestry province with rich forestry resources. Over the past decades, Heilongjiang not only made tremendous contributions to the state, but also yielded (Ma Yongshun) and (Sun Jinfu) and a great batch of pioneering heroes of old and new generations in the remote thickly forested mountains and in the course of carrying out hardworking pioneering work, and created many heroic and moving deeds. While developing and building the Daxinganling Forest Area, Heilongjiang formed the precious spiritual wealth of making breakthroughs in high

and cold areas and wrote a brilliant chapter in forestry. To this end, let me extend lofty respects to leaders of units and the broad masses of workers who emancipated thinking, created experience, and made contributions in the course of the forestry system reform.

Yue Qifeng said: Heilongjiang practiced the planned economy system in the forestry sector for a long time and entered the socialist economy quite late; its main attention to timber production and the excessive lumbering, low prices, and the irrational system resulted in the rise of resources crisis and economic difficulty. The long default of payment for forest cultivation funds, and failure in allocating sufficient funds for buying saplings during afforestation made some forest farms have no trees for lumbering; and it also gave rise to the strange phenomenon of cultivating grain in large tracts of wastelands in mountain areas. It was exactly under this difficult situation that the spring wind of reform blew into the remote thickly forested mountains. Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics has exerted a great influence on family members of the broad masses of forestry workers in Heilongjiang. Hence, a number of good examples of becoming prosperous through tree planting emerged. However, it was a pity to see that this spark did not spread far and wide during a certain stage.

In his letter, Yue Qifeng emphatically pointed out: The provincial party committee and government have always supported reform and adopted a clear-cut attitude towards it. This meeting is fundamentally aimed at promoting the forestry system reform; helping the forestry sector get rid of difficulties; striving to keep the hills green and ensure the forest reserve for continued use; and preventing Heilongjiang's forest area, which is reserved forest vital to the ecology of half of China, from becoming treeless during the next 30 to 50 years.

**PRC: Jilin Secretary Speaks at Provincial Plenum**  
*SK3007045796 Changchun JILIN RIBAO in Chinese*  
10 Jul 96 p 1

[FBIS Translated Text] The seventh plenary session of the Sixth Jilin Provincial CPC Committee was held in Changchun from 7 to 9 July. The standing committee of the provincial party committee presided over the plenary session. On behalf of the standing committee of the provincial party committee, Zhang Dejiang, secretary of the provincial party committee, made an important speech entitled "Comprehensively Implement the Basic Line of the Party, and Push Party Building to a New Level." Wang Yunkun, deputy secretary of the provincial party committee, delivered a speech at the conclusion of the session.

After studying Comrade Jiang Zemin's important instructions on stressing politics and his important speech on "Making Efforts to Build a High-Quality Contingent of Cadres," the session's participants maintained that the instructions and speech are the essential guiding ideology and principle of our party for commanding the overall situation under the new historical period, as well as the key ideological weapon for strengthening party building. Hence, they must be implemented conscientiously.

The session's participants held: During the new historical period, party leaders and party building are faced with the test of smashing the international hostile forces' plot of "westernizing" and "splitting" our country; the test of boosting economic construction; and the test of vanquishing corruption. Whether we can withstand these three tests and challenges depends primarily on party building. For this reason, we must fully understand the extremely great significance and urgency of party building from the high plane of the destiny of the party and the state.

The plenary session pointed out: Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we should conscientiously study new cases and problems regarding party building work under the condition of the socialist market economy, and we should adopt practical and tough measures to truly carry out all tasks on party building under the new period, with a focus on building a high-quality contingent of cadres.

We should intensify ideological and political building, implement the "double study" task, and affirm the ideal of and confidence in communism. Party committees at all levels must firmly put ideological and political building in the first place of party building and, by penetratingly launching studies of Deng Xiaoping's theory of building socialism with Chinese characteristics and the party constitution, enable the vast numbers of party members and cadres to further firmly embrace the communist ideal and confidence and persistently follow the road with the Chinese characteristics. We should penetratingly and protractedly launch the "study project" among all party members of the province and focus on resolving prominent problems regarding ideology and work; improve the study form of theoretical central groups, enrich the study content, and improve the study effect of leading bodies at all levels; train leading cadres and theoretical key members at all levels in party schools and cadres' schools; and carry out the "top leaders" responsibility system to ensure that the "double study" activity will be conducted in a penetrating and sustained manner.



We should profoundly launch activities of "learning from Kong Fansen and trying to be good public servants" and turn the wholehearted service to the people into the conscious action of the vast numbers of party members. Party committees at all levels should spread the activities of "learning from Kong Fansen and trying to be good public servants" among the vast numbers of party members and cadres, and guide party members to conduct themselves, handle affairs, and serve the country and people like Kong Fansen did. We should launch the activities of "creating the vanguard and striving for outstanding performance for one's units" among all party members in order to enable the overwhelming majority of party members to become the vanguard and the models of their professions and units. We should carry out the project of supporting the poor and resolving their problems and should help poverty-stricken areas, enterprises with special difficulties, and the masses with difficulties, resolving their problems with their livelihoods and production. We should persist in the system of having leading cadres take full responsibility for designated areas, the system of urban party members taking responsibility for districts, and the system of rural party members assuming responsibility for households, with a view to removing worries and difficulties for grassroots areas and the masses. We should also persist in the investigation and study system and intensify petition work.

We should strengthen the building of systems and intensify the supervision of work opposing corruption and advocating administrative honesty. Among discipline inspection departments, we should carry out the system of negating all performances once the work of opposing corruption and advocating administrative honesty has failed and should guarantee the quality of cadre appointments. We should carry out the warning and encouragement system and should give timely warnings against cadres doing poor jobs or being unclean in performing administrative duties. We should carry out the auditing system and intensify supervision over economic affairs. We should carry out the responsibility system for supervising administrative honesty and strengthen supervision over the internal affairs of leading bodies. We should carry out the system of making administrative affairs known to the public and intensify supervision by the masses. We should carry out the rotation system and intensify precautions. In the course of building systems, we must go all out to build the ideological and moral line of defense for opposing corruption and advocating administrative honesty. Leading cadres do not necessarily have to obtain all the benefits that are due, but should never obtain benefits that are not due.

We should conscientiously implement democratic centralism, strictly enforce discipline, and safeguard the unity and unification of the party. The whole province, from higher to lower levels, should consciously maintain a high degree of ideological and political unanimity with the CPC Central Committee, with Comrade Jiang Zemin as its core, and ensure the smooth implementation of the orders and decrees of central authorities. Organizations at lower levels should earnestly implement the instructions and decisions of higher levels and not use excuses to reject their implementation. We should vigorously intensify the supervision and restriction mechanism within leading bodies and truly ensure the implementation of democratic centralism. Party-member leading cadres at all levels should earnestly participate in intraparty activities according to the principle of democratic centralism and truly handle affairs according to the organizational principle. We should really improve the quality of democratic activities meetings and intensify the democratic supervision and examination of the situation in enforcing discipline.

We should comprehensively enhance the fighting capacity of party organizations, focusing on consolidating weak and undisciplined party committees and party branches. We should further launch consolidation and study projects among rural party organizations and help upgrade weak and undisciplined party branches. Beginning in this winter-spring period, we should take one to two years to consolidate all the leading bodies of town and township party committees in the province. We should firmly and unswervingly strengthen party building among state-owned and state-held enterprises and make their organizations and leading bodies flawless, their leading systems reasonable, and their ranks of party members well-organized. We should positively explore ways and methods to use the role of party organizations among the three types of foreign-invested enterprises and among other new economic organizations. Great efforts should also be made to intensify party building among state organs, neighborhoods, schools, and other establishments.

A key task is building well leading bodies at all levels. Great efforts should be exerted to appropriately select and manage "heads" of leading bodies, give prominence to the political demands made on them, and enhance their ability to control the overall situation. We should reasonably readjust and improve the structure of leading bodies, optimize their set-up, and actually strengthen the unity among leading bodies. We should intensify the examination of political performances of leading bodies and truly enhance the overall quality and leading ability of leading bodies.



We should make great efforts to build up a high-quality contingent of cadres. We should firmly execute the party's line on cadres, guarantee the quality of selection and appointment of cadres, and resolutely check the unhealthy trend in personnel employment. We should actually strengthen the regular management and education of cadres and vigorously encourage cadres to go to the forefront of reform and construction to temper themselves in practice. We should pay attention to training excellent young cadres and fostering a large number of talented leaders who can shoulder heavy tasks in the trans-century period.

The session stressed: We should strive to grasp the objective law on building socialism with Chinese characteristics and push to a new level the party's leadership work during the new period. We should correctly handle the relations between party building and economic construction, grasp party building around economic construction, and use party building to promote economic development. We should correctly handle the relations between building spiritual civilization and building material civilization, pay attention to building both simultaneously, and strive to achieve results in both. We should correctly handle the relations between adhering to the socialist orientation and developing productive forces, and firmly and unswervingly following the road of socialism with Chinese characteristics. We should correctly handle the relations between reform, opening up, and stability; strive for stability amid development; and strive for development amid stability. We should also correctly handle the relations between party committees and other departments, mobilize the enthusiasm of all fields, and handle Jilin's affairs in an even better fashion.

The session demanded that party organizations at all levels in the province conscientiously relay, study, and propagate the guidelines of this session; truly grasp the implementation of the guidelines; and push the province's party building to a new level.

Attending the session were members and alternate members of the provincial party committee; responsible comrades of city and prefectural party committees; responsible comrades of departments concerned directly under the provincial authorities, and secretaries of party committees of various counties, cities, and districts.

**PRC: Jilin Secretary on Grass-Roots Party Building**  
SK3007101496 Changchun JILIN RIBAO in Chinese  
13 Jul 96 pp 1, 4

[By reporter Wei Maoyi (7614 5399 5030)]

[FBIS Translated Text] Zhang Dejiang, secretary of the provincial party committee, conducted investigation

and study in Changling County on the buildup of rural grass-roots party organizations on 11 July. He emphasized the need to fully understand the importance of buildup of town and township party committees from the strategic perspective of strengthening the rural grass-roots political power, safeguarding social stability, and promoting rural economic and social development; to correctly analyze the current situation in the buildup of town and township party committees; and to adopt effective measures to improve township-level organizations, with the focus on the buildup of town and township party committees.

In the Sanhebao Village of Guangtai Township, his liaison point for party building work, Zhang Dejiang held talks with peasants in farmland, inspected pump wells and rice fields, and encouraged peasants to grow rice with the water of small wells. After hearing a report by Liu Baochen, secretary of the village party branch, Comrade Zhang Dejiang gave a vivid party lecture in connection with the specific rural conditions to the 24 party members of the village. Zhang Dejiang emphasized: Communist party members should have firm communist ideals and faith and integrate the long-range goal of communism with the current task of achieving prosperity with diligent labor. The buildup of village-level party organizations should be focused on village party branches, and a competent leading body for the party branch should be established to unite the people and pool their efforts. Party members should play their role as vanguards and models and help the masses achieve common prosperity while endeavoring to achieve prosperity ahead of others. Every means should be adopted to develop the collective economy, expand the collective economic strength, and consolidate the grass-roots political power.

In Changling County, Zhang Dejiang held a forum attended by some town and township party secretaries, in which he gave important opinions on how to strengthen town and township party committees.

—We should fully understand the important position of towns and townships and give full play to the important role of town and township party committees. Towns and townships are China's most basic level organizations of political power, and town and township party committees are the most basic level party committees in rural areas. They hold a very important position in China's political, economic, and social activities. As a large agricultural province where a large proportion of the population lives in rural areas, Jilin's economic and social development, to a certain extent, is determined by the development of towns and townships. Without the moderate prosperity of towns and townships, the moderate prosperity of the entire province will be out of the

question; and without rural stability, the stability of the entire province will not be achieved. In our endeavor to attain the Ninth Five-Year Plan and the targets for the year 2010, the indomitable efforts of towns and townships are needed in many aspects of work. When the overwhelming majority of our towns and townships become strong, we will have no worry whether Jilin will become strong and prosperous. For a period to come, we should give prominence to the buildup of town and township party committees and to town and township economic development when developing party building and developing the economy. Either in party building or in economic development, towns and townships constitute a key link concerning the overall situation. County and city party committees should have a new understanding of this and reestimate the important position of towns and townships and the extreme importance of buildup of town and township party committees from the strategic perspective of consolidating the grass-roots political power, developing rural economy, and attaining the target of moderate prosperity. The current problems of towns and townships, such as problems in their functions which have been weakened and problems in their service which has become incompatible, should be resolved seriously. To resolve these problems, the basic way is still to strengthen party building in towns and townships. Only when town and township party committees are built well can we guarantee and promote the overall development in various undertakings of towns and townships. —We should correctly analyze the situation, accurately pinpoint the major problems in town and township party building, and enhance the sense of urgency toward the buildup of town and township party committees. Jilin has made great achievements in the buildup of towns and township over the past few years, with their political power being relatively stable, economy developing gradually, and peasants living and working in peace and contentment. We should also note, however, that some town and township party committees and a small number of party members have not done enough in emancipating the mind and lack ways to achieve prosperity; they lack firm ideals, faith, and the driving force to achieve progress; they lack the ability to cope with the market economy and have made policy decisions at random; they are perfunctory in work and dishonest in performing official duties; and they lack unity and cohesive force. Also, the establishment of town and township organizations is incompatible with economic development. As these problems affect rural economic and social development, effective measures should be adopted to solve them.

—We should achieve success in the buildup of township-level organizations, with the focus on rectifying town and township party committees. The provincial party committee has decided to launch an overall rectification of the leading bodies of town and township party committees, beginning this winter and next spring. The purpose of education and improvement should be attained by straightening out ideas, checking work styles, and summarizing work. Through the rectification, town and township leading bodies should achieve progress in ideological and political work, in work style, and in organization; should further clarify the targets, tasks, and measures for local economic and social development; and then should accomplish the project for rural areas to achieve moderate prosperity and the project to "become strong in four aspects." When rectifying the leading bodies of town and township party committees, we should adopt measures and give guidance based on specific local conditions. Liaison men should be sent to most towns and townships and work groups should be sent to the remaining small number of towns and townships; and their responsibility should be clarified so that real results can be achieved.

—The basic purpose of the rectification is to promote town and township economic and social development, and productive forces should be taken as the sole criterion for assessing the achievements of the rectification. The purpose of rectifying the leading bodies of town and township party committees is to improve the ideological, political, and professional level of cadres with the party membership of towns and townships, to upgrade the overall quality of the leading bodies, and to promote productive forces. The rectification work should be integrated with economic construction; attention should be given to them simultaneously; and achievements should be won in both. We should use party building to promote economic construction and spiritual civilization, which, in turn, should be taken as the criteria to assess the achievements in party building.

Participating in the investigation and study activities were Yin Chengjie, Standing Committee member and secretary general of the provincial party committee; Shi Dianjin, secretary of Songyuan city party committee; Bai Chengqiang, mayor of Songyuan city; and pertinent comrades from the General Office and Organization Department of the provincial party committee.

**Taiwan: MAC Chairman Appeals for Resumption of Cross-Strait Talks**

OW3007100296 (Internet) Taiwan Central News Agency WWW in English 0816 GMT 30 Jul 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, July 30 (CNA) — Mainland Affairs Council (MAC) Chairman Chang King-yuh Monday [29 July] appealed for the resumption of cross-strait negotiations, saying that Taiwan and Mainland China could hold talks on issues of common interest.

Speaking at a seminar on cross-strait education and cultural exchanges sponsored by the Straits Exchange Foundation, Chang said with the reduction of tension in cross-strait relations, Taiwan is willing to negotiate with Mainland China on establishing direct cross-strait shipping links, a special cross-strait economic and trade zone, and the post-1997 Taiwan-Hong Kong ties.

Judging from the ever-increasing contacts between the two sides of the Taiwan Strait, Chang said economic exchanges are the cornerstone of cross-strait relationship. It will be mutually beneficial for Taiwan and the mainland, if the two sides can further expand exchanges, he noted.

As the two economies are complementary, Chang said the strengthening of bilateral economic cooperation will help the two sides play a major role in the global economy in the next century.

He said Taiwan and Mainland China should resume bilateral talks to patch up their ties. President Li Teng-hui's six-point statement released in April 1995, and his mainland Chinese counterpart Jiang Zemin's eight-point proposal made public in January that year can serve as the framework for the two sides to reopen the stalled talks, he added.

Beijing unilaterally suspended regular cross-strait talks last year after President Li paid a private visit to the United States in June, which Beijing sees as a covert move to seek Taiwan independence.

**Taiwan: Taipei Mulls 'Alternative Measures' on Diaoyutai Dispute**

OW2907142796 (Internet) Taiwan Central News Agency WWW in English 1406 GMT 29 Jul 96

[By Bear Li]

[FBIS Transcribed Text] Taipei, July 29 (CNA) — The government may take other measures to deal with Japan on the Tiaoyutai [Diaoyutai] dispute if the diplomatic efforts fail to produce results, Foreign Ministry spokesman Rock Leng said Monday.

Leng made the remarks in response to press reports that Japan's Defense Agency has decided to send vessels to expel Taiwan fishing boats operating in waters around the Tiaoyutai Islands.

A Japanese right-wing group on July 14 erected a lighthouse in Tiaoyutai, 150 kilometers northeast of Taiwan and 250 kilometers west of Japan's Okinawa, triggering another dispute between Taiwan, Mainland China, and Japan, which have all claimed sovereignty over the uninhabited islands.

The ROC Foreign Ministry has since issued two statements calling for the peaceful settlement of the dispute through negotiations, but has received no response from Japan.

Leng said that the ROC government has formally told Japan that the two countries should exercise restraint over the Tiaoyutai issue, lest bilateral ties be harmed.

On the report that local fishermen plan to sail to Tiaoyutai to protest the Japanese action, Leng again called for public support for the government's efforts to solve the dispute by peaceful diplomatic means.

Leng also disclosed that the government is considering "alternative measures" that could be used if diplomatic efforts fail. But he would not elaborate.

**Taiwan: Jason Yuan To Replace Su Ping-chao as Envoy to Panama**

OW2707090996 (Internet) Taiwan Central News Agency WWW in English 0754 GMT 27 Jul 96

[By Edward Chen]

[FBIS Transcribed Text] Panama City, Panama, July 26 (CNA) — Panamanian Foreign Minister Ricardo Alberto Arias on behalf of the government and the people of the Republic Panama Friday conferred on outgoing ROC [Republic of China] Ambassador Su Ping-chao the order of Vasco Nunes de Balboa with the grade of Grand Cross in recognition of contributions to the promotion of friendly relations between the two countries.

The decoration was based on presidential decree signed jointly by President Ernesto Perez Balladares and Foreign Minister Arias.

Jason Yuan will replace Su as ROC envoy to Panama.



**Taiwan: Foreign Ministry Says PRC Argument 'Unsubstantiated'***OW2907152696 (Internet) Taiwan Central News Agency WWW in English 1507 GMT 29 Jul 96***[By Maubo Chang]**

[FBIS Transcribed Text] Taipei, July 29 (CNA) — The ROC [Republic of China] dismissed Monday Beijing's claim that Taiwan is a part of the People's Republic of China (PRC) and thus should not be admitted to the UN, saying the claim is and runs contrary to historical fact.

The Foreign Ministry said in a statement that the ROC's bid for accession to the United Nations is meant to seek fair representation for its 21 million people in the world body. Taiwan neither challenges the PRC's UN seat nor disavows its pursuit of eventual national unification, the ministry said.

A group of 16 countries presented a proposal to the United Nations on July 17, calling on the UN General Assembly to debate the possibility of UN membership for the ROC.

The PRC, the ROC's former civil war rival, on July 23 lodged a protest with UN Secretary-General Butrus Butrus-Ghali over the proposal.

The PRC said in its protest that Taiwan's status as part of PRC territory has never changed, and that the PRC has never relinquished its jurisdiction over Taiwan.

The ROC Foreign Ministry's statement disputed Beijing's allegation, arguing that the ROC, founded in 1912, is a sovereign country with uninterrupted legitimacy, though it lost all its territory except Taiwan to the PRC in the civil war ended in 1949.

The ROC took over Taiwan and the Penghu Islands in 1945 from Japan according to the Cairo Declaration of 1943 and Potsdam Declaration of 1944, the ministry said in its statement. The PRC, established in 1949, did not even exist yet, demonstrating that the PRC's jurisdiction has never extended to Taiwan, the statement said.

The ROC, a founding member of the United Nations in 1945, had its membership stripped and given to the PRC by UN Resolution 2758 in 1971, the statement said. This excluded Taiwan's 21 million people from the international community, when the UN seat dispute should have been settled between the two parties divided by the Taiwan Strait, it said.

After 47 years of struggle, the ROC has created a democratic, prosperous society in Taiwan that is officially recognized by 31 countries and maintains substantial economic ties with another 140 countries. It is unfair

for the United Nations to shut out such a country, the Foreign Ministry said.

**Taiwan: CNA Names New President, Vice President***OW2907143396 (Internet) Taiwan Central News Agency WWW in English 1354 GMT 29 Jul 96***[By Maubo Chang]**

[FBIS Transcribed Text] Taipei, July 29 (CNA) — The incumbent President Kermin Shih and Vice President Huang Ching-chih of the Central News Agency, Inc. were named Monday new president and vice president respectively in its first directors and controllers meeting since its was reorganized into a state news agency.

The meeting, presided over by Chairman Hsiao Tien-tzan, also approved the articles of the corporation, its current fiscal year budget, operations programs, and 39 corporation regulations.

At the opening of the meeting, Su Chi, director general of the Government Information Office, lauded the contributions CNA has made to the country since its founding 72 years ago, and encouraged it to provide best services to new media at home and abroad.

He also announced the namelist of its new directors and controllers on behalf of Premier Lien Chan.

The 15 members of the Board of Directors are Hsiao Tien-tzan (incumbent CNA chairman); Yeh Min-hsun (chairman of the World College of Journalism); Cheng Jui-cheng (dean of the Communications College, National Chengchi University); Peng Huai-en (director of the Department of Journalism, the World College of Journalism); Yen Wen-shuan (president of Liberty Times); Diane Ying (publisher and editor of Commonwealth Monthly); Lo Sen-tung (chairman of Taiwan Shin Sheng Daily News); Huang Hui-chen (executive director of the National Policy Research Center); Chai Ming-hua (lawyer); Paul Hsu (lawyer); Lin Huo-wang (director of the Philosophy Department, National Taiwan University); Shao Yu-ming (director of the Institute of International Relations, National Chengchi University); Lin Chang-sen (general manager of President Enterprises); Alexander Ya-li Lu (political science professor, National Taiwan University); and Huang Shih-cheng (secretary-general of the National Culture Association).

The four controllers are Cheng Chen-ming (incumbent CNA controller); Kao Ying-mao (executive president of 21st Century Foundation); Hsiung Chieh (dean of the Communications Graduate School, the World College of Journalism); and Wang Jung-wen (president of Yuan Liu Publishing Co.).

CNA, a former KMT-run news service, was transformed into a state news agency after the Legislative Yuan approved its reorganization on Dec. 29, 1995.

**Taiwan: National Federation of Industries Head To Visit Beijing**

OW3007053796 Taipei LIEN-HO PAO in Chinese  
25 Jul 96 p 9

[Report by Chou Te-hui from Taipei]

[FBIS Translated Text] With Kuomintang Chairman Li Teng-hui's approval, Kao Ching-yuan, chairman of the Chinese National Federation of Industries and a member of the Kuomintang Central Standing Committee, will lead an economic and trade delegation of around 60 members on a visit to Peking [Beijing], slated for 27 August. Communist China attaches great importance to the visit. Judging by the situation of initial discussions, the delegation is expected to meet with high-level Chinese Communist officials at and above the prime ministerial level.

It is reported that Kao Ching-yuan had been deliberating for a long time a visit to Peking. However, his Peking visit was postponed again and again because the cross-strait relations were strained and he hadn't been able to win a consent from the higher authorities. With a sign of gradual thaw in the tense cross-strait relations emerging later, Kao Ching-yuan reported the matter to Chairman Li again in early July, and then decided on the Peking trip after obtaining Chairman Li's approval.

The Federation of Industries has worked secretly for many days and exchanged correspondence repeatedly with the Chinese Communists' State Council Taiwan Affairs Office. Having confirmed that the Chinese Communists show a considerable welcome for the visit by the Federation of Industries, Kao Ching-yuan decided yesterday on leaving for Peking on 27 August and returning to Taiwan on 7 September, with a 12-day stay on the mainland.

Based on the initial itinerary arranged by the Chinese Communists' State Council Taiwan Affairs Office, Kao Ching-yuan and other delegates will stay in Peking for three to four days. Also, to achieve the purpose of inviting business with full force, the delegation will visit Chingtao [Qingdao] Development Zone, a stronghold of the Pohai [Bohai] Rim Economic Circle. In addition, it is generally believed that one of the highlights of Kao Ching-yuan's visit is to meet with Chinese Communist high-level officials.

However, the Federation of Industries has kept it a secret as to whether and when Kao Ching-yuan will meet with Chinese Communist leader Chiang Tse-min [Jiang

Zemin]. The public statement made by the Federation of Industries is, "there are too many variables at the moment; any predictions are inappropriate." In fact, the strategy adopted by the Federation of Industries is to organize the strongest team from the industrial and commercial circles, so that the Chinese Communists will naturally reciprocate with "due courtesy"; it also believes that to talk big at this moment will instead bring about negative effects.

Since yesterday, the Federation of Industries has actively started relevant work and sent letters to members of the Board of Directors and the Board of Supervisors of the Federation, and to the chairmen of various industrial associations so as to know for sure the number of participants from the industrial sector. As reported, due to a highly enthusiastic response from the industrial and commercial circles, a rough estimate puts the number of enterprises interested in participating to more than one hundred. Nevertheless, considering safety and work convenience, the Federation of Industries hopes to limit the number of participants at 50 to 60.

A large economic and trade delegation organized by the Federation did visit Peking in 1993 and met with Chiang Tse-min and Li Peng during that visit.

**Taiwan: World Chinese Traders Convention To Be Held in London 8 Aug**

OW2707115096 (Internet) Taiwan Central News  
Agency WWW in English 0754 GMT 27 Jul 96

[By Nelson Chung and Lilian Wu]

[FBIS Transcribed Text] London, July 27 (CNA) — The 20th World Chinese Traders Convention (WCTC) will be held in London Aug. 8-12, Shen Wei-pei, Secretary-General of WCTC organizing committee, said Friday [26 July.]

According to the schedule, the participants will register Aug. 8. The convention will officially open at the Grosvenor House Hotel Aug. 9. British investment officials will host a lunch for the participants.

In the afternoon, Vice Economics Minister Sheu Ke-sheng will speak on the challenge and opportunities facing ROC's [Republic of China] economic development in the next century; while Andrew Fraser, director of Investment in Britain Bureau, and Robert Ashmead, an international investment official of the London First Centre, will jointly preside over an investment presentation.

Chen Juei-jung, deputy director of the Board of Foreign Trade, will also speak on the outlook of trade in Central Europe, and preside over a seminar on how to make inroads into European market.

On Aug. 10, K.H. Wu, deputy chairman of the China External Trade Development Council, will speak on how to promote trade opportunities of Chinese businessmen, while Chou Yen, director general of the Industrial Development and Industrial Center, will speak on the ROC's investment policy and approaches. The participants will then enter into group discussion.

Lin Ping-yao, president of the Youth Career Development Association, will preside over a seminar on youth career development before a closing ceremony Aug. 11.

A sightseeing tour of London for the participants is scheduled on Aug. 12.

Shen urged overseas Chinese businessmen to actively participate in the convention to discuss economic cooperation, and ways to upgrade the status of Chinese businessmen in the world.



## Hong Kong

### Hong Kong: Patten Hints At Ending Legco Session Before Handover

HK3007054496 Hong Kong HONGKONG  
STANDARD in English 30 Jul 96 p 4

[By Cecilia So]

[PTS Transcribed Text for FBIS] Governor Chris Patten yesterday gave his strongest hint that he would comply with political reality by ending the forthcoming Legislative Council session before the handover.

In a written reply to the Legislative Council house committee, Mr Patten said he would follow the normal practice of ending the new council's session, which begins on 2 October, "a few days after the last sitting".

Legislative Council President Andrew Wong Wang-fat had earlier set 25 June next year as the date for the last sitting of the new session.

It would be entirely possible and reasonable for the Governor to end the session within a week of the handover next year. But, Mr Patten reiterated he would not dissolve Legco and he said he would only fix the closing date "shortly before the last sitting of the session".

The current council was constituted according to Mr Patten's electoral package, which was deemed unacceptable by China.

Beijing's decision to replace the current Legislative Council with a provisional legislature immediately after the handover will result in shortening the terms of office of the 60 incumbent legislators from four to two years.

The closing date of the current Legislative Council session has become a concern to legislators as they regard it as a test of whether the government will back away from its position that Legco should serve its full four-year term.

Democratic Party legislator Tsang Kin-shing had earlier suggested the closing date of the next Legislative Council session should not be set before the handover as it would only recognise China's move to establish the provisional legislature.

### Hong Kong: Preparatory Committee Reaffirms Tough Stand on Dissidents

HK3007052496 Hong Kong HONGKONG  
STANDARD in English 30 Jul 96 p 4

[By Baby Sung]

[PTS Transcribed Text for FBIS] The Preparatory Committee is unlikely to amend its legal panel's proposal on

the definition of permanent residency to let Chinese political dissidents in the territory gain right of abode.

Committee vice-chairman Leung Chun-ying yesterday said the government should not impose, executive decisions in an effort to secure right of abode in Hong Kong for mainland political dissidents. He dismissed the possibility of changing the rules on eligibility for permanent residency.

Under the legal panel's proposal, political dissidents in Hong Kong would be disqualified from permanent residency even if they had resided in the territory for a continuous period of seven years.

"Everyone, including political dissidents and all other temporary residents, have different reasons for going to Hong Kong," Mr Leung said. "I think it is unnecessary to treat political dissidents as having the same background as other people."

He said the PC had to take into consideration the interests of everyone in Hong Kong on the question of permanent residency. "We cannot change the definition just to fit the situation of 10 or a few dozen people."

The PC plenary to be held in Beijing next month is expected to pass a resolution endorsing the legal panel's proposal. The definition will also be adopted for candidates of the 400-member selection committee, which will be formed in October to choose the first chief executive.

Candidates for the post of chief executive and officials picked for the team designate also have to meet the requirement of permanent residence under the Basic Law. Mr Leung said the next step after the PC's resolution would be for the post-1997 provisional legislature to turn the legal panel's proposal into law.

"This is an important reason to set up a provisional legislature under the condition of no through-train because a legislature needs to exist on 1 July 1997 to make important laws like the law to define permanent residency," he said.

"We do not rule out the possibility of grey areas on nationality and permanent residency. So, through the law enactment, we hope to clarify such grey areas."

Mr Leung said any disagreement on the law for permanent residence could be decided on in the courts and he objected to the government seeking to influence the situation.

"Government officials cannot influence these people by their personal views or executive decision on whether they can reside in the territory and seek right of abode," he said.

**Hong Kong: Official Sees Bright Future for 'One Country, Two Systems'****HK2907091496 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Jun 96 p 5**

[Speech by Henry Fok Ying-Tung, Chinese People's Political Consultative Conference National Committee vice chairman and Hong Kong Special Administrative Region Preparatory Committee vice chairman, at the "Greet Hong Kong's Return to Motherland in One Year" Forum on 25 June: "Prosperous Country and Strong Nation, 'One Country, Two Systems'"]

[PTS Translated Text for FBIS] It is 12 years since the Sino-British Joint Declaration was signed. In exactly one year, Hong Kong will return to the motherland. The long-awaited day will soon arrive for the entire Chinese people, including 6 million Hong Kong compatriots, to thoroughly wash away national humiliation.

Hong Kong's cession was a chapter of China's decline in modern history and a starting point for subjecting the Chinese nation to bullying and humiliation by imperialist powers. The resolution of the Hong Kong question marked the revival and rise of the Chinese dragon and was a new chapter of a stronger China standing like a giant among all countries in the world.

While looking at investment opportunities, I traveled extensively in Panyu and Dongguan of Guangdong Province and familiarized myself with the area. I saw sites of fortifications with built-in cannons at Humen where Lin Zexu had set opium on fire. I was told by historians that in the Opium War, the Chinese cannons' range was 100 meters whereas the British cannons' range was 300 meters. At that time, due to declining national strength, China was passive and vulnerable to attack. Though Lin Zexu, Guan Tianpei, Chinese troops, and local people bravely fought against the British aggressors in the forefront and set up strong barriers in the Zhu Jiang to prevent the British fleet from sailing forward, the British troops made a detour, reaching Tianjin and Beijing. They forced the Qing Dynasty Government to sign "Treaty of Nanking," the first unequal treaty signed by China. As a result, Hong Kong has been occupied by the British since then.

It is now 150 years since the "Treaty of Nanking" was signed. Thanks to reform and opening up policies, China has been thriving with each passing day and has become much more powerful. Chinese-made rockets have sent satellites into space. China is no longer what she looked like one century ago.

The Hong Kong question has been resolved because China has become strong and powerful. If China were

still a poor country with a poor people, it would be impossible to recover Hong Kong.

What is most important, China has put forth and vowed to implement the "one country, two systems" policy. Practice over the past few years have proven that "one country, two systems" is a wise policy that has not only resolved with a high degree of satisfaction a series of complex historical, practical, and international issues concerning Hong Kong but has also set a good example for resolving the Taiwan question. It can be said that the practice of "one country, two systems" in Hong Kong has been closely watched by all countries in the world and that more and more people the world over now hope and believe that "one country, two systems" will be a success.

This is why we should never falter in achieving the following two goals: One is a prosperous country and a strong nation; the other is to implement "one country, two systems." After Hong Kong returns to the motherland next year, we should continue to pursue these two goals. The mainland and Hong Kong are forging ties as close as lips and teeth with each passing day. A rapidly developing motherland will provide a guarantee for Hong Kong's prosperity and stability, while a prosperous and stable Hong Kong will contribute more to the motherland's rapid development.

Hong Kong's future will be brighter from 1 July 1997 and forever more.

**Hong Kong: Bank Vice President on Hong Kong's Monetary System****HK2907090796 Hong Kong TA KUNG PAO in Chinese 31 May 96 p C2**

[Report on Chen Yuan's Speech at Symposium on "Hong Kong Striding Into a New Monetary Era": "Hong Kong Monetary, Financial System Will Remain Unchanged"]

[PTS Translated Text for FBIS] At a symposium on "Hong Kong Striding Into a New Monetary Era" held in Beijing yesterday, Chen Yuan, vice president of the People's Bank of China, indicated when talking about the impact of China's monetary reform on Hong Kong: Ever since the latter half of 1993, China's monetary structural reform has entered a new phase, various reform measures have been put into effect one after another in a well-planned way, and the progress has proved smooth.

First, breakthroughs have been attained in monetary legislation.

One of the ideologies guiding the reform of monetary legislation is to perfect China's legal monetary system.

The year 1995 witnessed the formal implementation of four major monetary laws, which have laid the foundation for China's legal monetary system. They included the "Law of the People's Bank of China," the "Law of Commercial Banks," the "Insurance Law," and the "Law of Bills." In the first half of this year, new "Regulations Concerning Foreign Exchange Control" and "General Rules on Loan Transactions" were promulgated and put into effect. Meanwhile, the People's Bank of China has also screened laws and regulations practiced in the past, and publicized a list of two batches of invalid laws and regulations. "Announcements of the People's Bank of China" started formal publication in April this year, which will publicize new laws and regulations on a nonperiodic basis so as to enhance the time effectiveness and transparency of the promulgation of monetary laws and regulations. China's monetary reform and development will continue to steadfastly advance towards the orientation of legalization.

Second, the Central Bank has basically fulfilled the work of changing its functions.

In this round of reform, the headquarters of the Central Bank has recalled the right to grant loans, the right to control and regulate the credit scale, and the right to readjust interest rates; while its branches at all levels have already shifted their work focus onto the work of reinforcing monetary supervision and control as well as various functions of a service nature, including cash transfers and allocations, settlement and clearance, and treasury management; the Central Bank has stopped the practice of providing overdraft and loans for the financial sector; the profit retention system of the Central Bank has been abolished, and a new budgetary system is now functioning normally; the Central Bank has halted the granting of loans to non-banking monetary organs and non-monetary departments; adopting a non-profit making principle, the Central Bank has unhooked connections with all the commercial companies it established in the past; and the work of disconnecting the Central Bank from over 40 securities companies, of which the Central Bank is a shareholder, is currently underway. Over the past couple of years and more, the Central Bank has also intensified its function in monetary supervision and control and investigated and dealt with a number of law-breaking monetary organs.

Third, new strides have been taken in the reform of the monetary policy system.

Over the past two years, the Central Bank has attained results in practicing a moderately tight monetary policy. Meanwhile, we have also adopted a number of new measures for carrying out the monetary policy reform. The scope of credit control is being narrowed in a

gradual manner. This year, except for the four solely state-owned commercial banks, all banks and monetary institutions have introduced, in a comprehensive way, the system of assets-liability ratio control; control over the interest rates of interbank loans has been lifted on the basis of a uniform money market; and the method of public bidding has been adopted for the issuance of state bonds. All these are major steps toward the marketization of interest rates. In addition, the Central Bank began open market operations in April, the total rediscount amount of the Central Bank is dropping gradually, and new monetary policy tools have been put into substantive operation. In particular, the "1995 Program," which was adopted by the National People's Congress in March this year, has set down targets for the control and regulation of M1 and M2 in the coming five years, and this means that money supply will become a guiding intermediary target for the future formulation of monetary policy. On this basis, monetary policy reform is expected to develop in depth.

Fourth, the reform of state-owned commercial banks has been further deepened. Three non-commercial banks have been established and gone into normal operation since last year. After being separated from policy-related services, the four solely state-owned commercial banks, namely the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China, and the Construction Bank of China, have accelerated the introduction of an operating mechanism of modern commercial banks. The headquarters of the four banks have reinforced a unified management over the system liquidity of the banks and have introduced a risk control mechanism; as a result, the assets structure of the banks has begun to show a trend of diversification, the quality of loans has taken a turn for the better, and the profit-making level of all the four banks in 1995 exceeded that of 1994. In addition, each of the four banks has started to readjust the structure of its subordinate institutions, and shut down or merged a number of business organs which suffered from an unduly small volume of business and huge losses. In line with the principle of operating along specialized lines as stipulated in the "Law of Commercial Banks," the four solely state-owned commercial banks have completed the work of unhooking connections with the non-banking monetary institutions they previously established, and abolished all the 128 trust and investment corporations they had set up; moreover, the transfer of shares in another 36 joint-stock trust and investment companies is currently underway. At the same time as state-owned commercial banks are accelerating their reform, preparations for the establishment of urban cooperative banks have been unfolded in an all-round way in 35 large and medium cities, of which



three (respectively in Shanghai, Beijing, and Shenzhen) have already been put into formal operation.

Fifth, considerable progress has been registered in opening the monetary industry to the outside world. As of the end of 1995, 519 representative offices of foreign monetary institutions had been set up in China, while the number of operating foreign monetary institutions in the country totalled 142, including 120 branches of foreign banks, five banks jointly owned by China and foreign countries, five solely owned banks, five foreign-invested financial companies, six foreign-invested insurance companies, and one joint Sino-foreign financial company. Foreign-invested banks and financial companies operating in China have a total asset value of \$19.14 billion, loan investments of \$12.75 billion, balance held on deposits of \$3.14 billion, and a total amount of annual after-tax profits of \$140 million. China has so far opened 24 cities for the operation of foreign monetary institutions, of which 11 cities were added to the list as recently as 1994. In line with our consistent policy of opening the country's financial industry to the outside world, we will not only increase the quantity and variety of foreign monetary institutions introduced into China, but should also make continued efforts to enhance the quality of these institutions and reinforce monetary supervision and control. During a recent period, we have been engaged in the revision of several laws and regulations concerning the management of foreign monetary institutions. In the future, we will gradually extend national treatment to foreign monetary institutions and actively create conditions for allowing foreign-invested banks to engage in RMB transactions.

Sixth, greater results have been recorded in the reform of foreign exchange system. The introduction of a uniform exchange rate in 1994 gave shape to a well-managed floating exchange rate system that is based on market supply and demand; and this year has again witnessed the establishment of a new banking system for foreign exchange settlements and sales. The remarkable results we have attained in the reform of the foreign exchange system include the following: A drastic increase has been registered in the country's total import and export volume, the exchange rate of the RMB remains stable, and China's foreign exchange reserves had reached \$80.8 billion by the end of the first quarter of this year. Since the beginning of this year, China started an experiment to incorporate foreign-invested enterprises into its foreign exchange settlement and sale system in four regions; and in May, it relaxed controls over the ceiling of foreign exchange purchases made by residents who go to foreign countries for private reasons. Our future work is to further abolish the remaining restrictions on currency exchange on the current account

and realize the convertibility of the RMB under current items.

Then, there is the issue of the monetary relationship between the Chinese mainland and Hong Kong both before and after the transition in 1997.

First, a case in point is the enthusiastic subscription of HK\$1 billion [Hong Kong dollars] of bonds issued by the World Bank in Hong Kong. Moreover, the fact that the yield on Hong Kong's Foreign Exchange Fund [as published] has basically approached the yield on the U.S. Treasury bonds during the same period of the year has also showed clearly that the market does not believe there will be any negative impact from the 1997 factor on the future of Hong Kong. As is known to all, the success of a financial center is determined by its relative advantages, and Hong Kong has benefited a lot from its most conspicuous advantage of being contiguous to China.

Hong Kong is the biggest trade and investment partner of the Chinese mainland, and the stability and prosperity of Hong Kong is increasingly dependent on the mainland's support. Hong Kong will return to its motherland in just a little more than a year's time, and the economic development and greater opening up of the mainland will inevitably produce a more extensive and positive impact on the economy of Hong Kong during this period.

Besides benefiting from the vigorous demands of its own economy for financial services, Hong Kong's financial industry can also attain further development by making direct investment in the mainland. For example, it can directly or indirectly participate in the reform of the shareholding system of large and medium-sized state-run enterprises, and can also guide Hong Kong businessmen to invest in China's central and western regions. As a matter of fact, many foreign businessmen have already begun to invest in China's central and western regions.

In addition, the scope of monetary cooperation between the two places will be further expanded. During the Ninth Five-Year Plan period, China is planning to open more cities to foreign financial institutions. This move promises greater opportunities for the business expansion of Hong Kong's financial institutions.

Meanwhile, with enhanced economic strength, the mainland will also increase its investment in Hong Kong so as to provide greater support for Hong Kong as a trade and financial center.

In line with the overall principle of "one country, two systems," the Basic Law has put forward the following

stipulations on the monetary business of the future special administrative region:

1. Continued efforts should be made to maintain the status of Hong Kong as an international financial center.
2. Hong Kong's monetary policy will remain unchanged, and the government of the Hong Kong Special Administrative Region (SAR) will enjoy autonomy in formulating its own money policy to ensure the free operation of Hong Kong's financial industry and financial markets. It will also introduce an effective mechanism of monetary supervision and control.
3. The current legitimate status and issuance forms of the Hong Kong dollar in Hong Kong will be retained.
4. No controls on foreign exchange will be exercised in Hong Kong, and the SAR government will need to take steps to protect the flow as well as the free entry and exit of capital. The Hong Kong dollar will remain a convertible currency. The monetary market will also remain an open one.
5. As Hong Kong's foreign exchange reserve, the Foreign Exchange Fund will mainly be used for regulating the exchange rate of the Hong Kong dollar.

Centering around the task of maintaining Hong Kong's existing monetary and financial system under the political structure of "one country, two systems," and with a view to laying a legal foundation for the development of the future mainland-Hong Kong monetary relations, the aforementioned legal stipulations have helped establish a monetary relationship between the Chinese mainland and Hong Kong which is featured by "one country, two currencies, two money systems, and two monetary supervision and control authorities."

Basing on the ideas expressed above, we should observe the following principles when handling monetary relations between the mainland and Hong Kong:

First, the monetary system. Hong Kong has been practicing a system of linking the Hong Kong dollar to the U.S. dollar, that is, the pegged exchange rate system, since 1983. The pegged exchange rate system has been a powerful support for the stability of the Hong Kong dollar, and has played an extremely important role in stabilizing Hong Kong's monetary system. We have all along given our support for Hong Kong's efforts to retain its pegged exchange rate system, and will continue to do so in the future.

In addition, Hong Kong will develop its own money issuance and money control systems. The three designated note-issuing banks, namely Hongkong and Shanghai Bank, Standard Chartered Bank, and the Bank of China, will continue their issuance of Hong Kong dol-

lars according to the law. After 1997, the relationship between the Hong Kong dollar and the RMB should be one of two legal currencies circulating according to the law in two places that practice different social and economic systems within the same sovereign state. The money management authorities of these two places should respectively issue and manage the currency according to each's money management methods. Technically speaking, the Hong Kong dollar in the mainland and the RMB in Hong Kong will be treated as foreign currencies.

Second, the monetary authorities. This refers to the relationship and policy coordination between the People's Bank of China and the Hong Kong Monetary Authority. Since Hong Kong will continue to practice a relatively independent monetary system after 1997, it is absolutely necessary to retain a relatively independent monetary authority [as published].

The monetary authorities of the two places—the People's Bank of China and the Hong Kong Monetary Authority—should maintain the existing sound cooperative relations between themselves with a view to preserving the monetary stability and development of the two places.

Third, steps should be taken to reinforce our cooperation with the Hong Kong Monetary Authority in the field of monetary supervision and control. Imposing supervision and control in line with international norms over monetary institutions in Hong Kong, including Hong Kong-based mainland-invested monetary institutions, is an inexorable prerequisite for maintaining and enhancing the status of Hong Kong as an international financial center. Meanwhile, alongside the constant improvement of its monetary laws and regulations, the mainland will gradually draw close to international norms in the examination, approval, supervision, and control of its monetary institutions. In order to improve coordination in monetary supervision and control between them, the People's Bank of China and the Hong Kong Monetary Authority will continue to maintain mutual cooperation and coordination in the examination, approval, supervision, and control of monetary institutions.

Fourth, the People's Bank of China will provide support for Hong Kong's monetary stability when necessary. On 9 February this year, I signed on behalf of the People's Bank of China a U.S. dollar state bond buy-back agreement with Jen Chih-kang, director of the Hong Kong Monetary Authority. This shows clearly that in order to maintain the exchange rate of the Hong Kong dollar, the People's Bank will provide support in U.S. dollars for the Hong Kong Monetary Authority whenever necessary. As I have mentioned earlier, China's

foreign exchange reserves have reached \$80.8 billion, and our bank and the Hong Kong Monetary Authority have adequate strength to jointly maintain the monetary stability of Hong Kong. People may ask such a question: Will China make use of Hong Kong's Foreign Exchange Fund in a move to provide foreign exchange support for any reason for its own inland regions? I will give a clear-cut answer to this question here: The main function of the Exchange Fund is to stabilize the exchange rate of the Hong Kong dollar, and this has been explicitly stipulated in the Basic Law.

#### **Hong Kong: Provincial Banks To Be Allowed To Engage in Bond Trading**

OW3007075996 Hong Kong MING PAO in Chinese  
6 Jul 96 p a10

[Report by Staff Reporter: "Central Bank To Allow Commercial Banks at Provincial Level To Engage in Bond Trading"]

[PTS Translated Text for FBIS] The People's Bank of China is working out a plan to allow state-owned commercial banks at provincial level with surplus funds to engage in the secondary bond trading market to improve fund-employing effects in the bank's operation, a well-informed source disclosed. It was learned that the plan is likely to be presented before balance sheet proportional management is implemented in four state-owned commercial banks in a comprehensive way; prior to this, various banks will conduct pioneer projects with strict conditions for authorization.

#### **Profit Realization Is Difficult With Deposits Exceeding Loans**

Recently, savings deposits by Mainland residents have increased comparatively fast; however, because of the comparatively low quality of loans and low proportion in stocks of state-owned commercial banks (namely, Industrial and Commercial Bank, Agricultural Bank, Bank of China, and China Construction Bank), the majority of banks have surplus funds in stock in terms of scores of billions of yuan, while the administration authorities have rectified monetary order and discipline, and strictly forbidden banks to engage in operations outside the books; consequently, bank branches in various places have universally requested the authorities to give them policy guidelines to make use of surplus funds.

It was learned that the People's Bank of China has agreed to allow provincial-level bank branches, under strict conditions, to engage in the secondary bond market in principle. Such practice boasts at least three strong points:

— Unfolding bond trading may find an outlet for surplus funds, improve the employing effects in the operation of funds, while lowering the provision rate of funds of state-owned commercial banks, elevating their managerial level in money supply;

— Assets in bonds, especially national bonds, enjoy a high level of security in the absence of credit risk; allowing banks to engage in bond trading may lower their risk in operation, while being conducive to the central bank improving its level of macroeconomic regulation and control, increasing its means of regulation and control over commercial banks;

— The capital relations between banks and monetary organizations other than banks can be further ironed out.

However, the central bank worries that banks at provincial level engaging in bond trading will affect the fulfillment of the plan for rational loans and deposits as well as other conditions that will give rise to confusion in monetary order. Such being the case, the central bank will formulate strict conditions to promote the practice after pioneering the project. It was learned that local branches of commercial banks that tend to enter the secondary bond market must submit their plans for bond trading and relevant material to the general bank, and they are to engage in bond trading only after their plans are approved.

#### **Engaging in Bond Trading Must Comply With Three Conditions**

These conditions include:

— that the bank has ample funds with a comparatively low proportion of stock.

— that the branch has not taken any loans from the general bank, while being able to fulfill its plan for deposit in the general bank, promptly, with no discount.

— that the branches possess corresponding personnel, organization, rule, regulations and institutions.

In addition, the People's Bank of China will make it clear that all state-owned general commercial banks must define the realm of authorization based on the actual conditions of various branches. Take for example, the subjects in trading are confined to national bonds or other bonds earmarked by the general bank; branches can only engage in spot purchase, repurchase of bonds, and agent operation inside the secondary market; branches must not enter the primary market where bonds are issued. Various commercial banks may select three or four branches whose conditions are ripe for pioneering projects.



**Hong Kong: Editorial Calls for Ending Garbage Imports From U.S.**

OW2907020096 Hong Kong SING TAO JIH PAO  
in Chinese 27 Jul 96 p A-11

[Editorial: "Quickly Revise Regulations To End Garbage Import"]

[FBIS Translated Text] A shipload of garbage, which has been stranded in Hong Kong for nearly a month, may be sent back to the United States. Several Hong Kong Legislative Council members made a special visit to the U.S. Consulate General to ask about the matter. According to a consulate general official, the U.S. Government will approve the import of that shipload of garbage. Returning the garbage coming from the United States to its place of origin is a reasonable solution.

There is a long story about that shipload of garbage. It was shipped by container ship across the Pacific to Hong Kong two or three months ago, and then it was carried by barges to Fuzhou, where it was refused landing and transported back to Hong Kong. It has been stranded here since then. The rotten garbage stinks to high heaven and has given the crew members a hard time. Some of the crew have already been affected by skin diseases.

The shipload of garbage mainly consists of plastic bags to be shipped to the mainland for recycling. However, upon inspection in Fuzhou, it was found to contain family garbage that cannot be recycled and, therefore, its landing was refused. The consignor knew what he had consigned, of course. To put it succinctly, he simply consigned a shipload of useless garbage.

It is believed that this sea route between the United States and the mainland via Hong Kong has been used for quite a long time. Two or three months ago, two batches of foreign garbage were found in the suburbs of Beijing, among them were used syringes and bandages from hospitals, which is even more terrible than plastic bags. It is reported that some places on the mainland import garbage for recycling. Without wearing gloves, the workers pick out what is useful from the garbage. This is very dangerous work. In the process of recycling, indigenous methods are used for boiling plastics and the workers stir these with wooden sticks. Chemical gases are given off from the boiling pots damaging the workers' health and polluting the air. This is quite inhumane.

China has increased its sense of environmental protection, is aware of the harm of foreign garbage, and has banned the business of recycling garbage. In April this year, it formulated regulations banning the import of garbage. This is a benevolent administrative move. Some transportation businessmen continued to transport garbage to the north. They might not know about the new measure. Now, they should be aware of it.

To date, we still cannot say the United States (as well as Japan) is too mean in shipping garbage to Third World countries because there is too much garbage and there must be some outlet for it. If the Third World wants to "recycle" garbage or if some places want to bury garbage to make some money the hard way, the industrialized countries are only too willing to spend money on shipping the garbage there. However, today, Third World countries (India, South American and African countries, and others) are universally aware that the industrialized countries' garbage is not only dirty, but also dangerous, and contains bacteria of contagious diseases and radioactive metals. The loss outweighs the gain in making money this way. From now on, Third World countries will probably universally reject foreign garbage. It is believed that the industrialized countries will find it more and more difficult to export garbage and will have to dispose the garbage in their own countries at a more expensive cost.

The transport of garbage in the international community is governed by the Basel Convention, signed in Basel, Switzerland, in 1990, which forbids industrialized countries from transporting toxic waste materials to other countries, to dump or store them there, or to treat other countries as garbage dumping areas and transfer pollution to them. However, to date, the United States has not yet included the convention into its domestic laws and, therefore, it still may not observe it.

That Hong Kong has not been able to ban the import of garbage is because of loopholes in regulations. It is imperative to revise regulations so that permits of countries accepting garbage showing they have installations for treating garbage are needed before garbage can be transported. The Hong Kong Government is considering revising environmental protection regulations to meet this demand. Indeed, it is imperative for the Hong Kong Government to quickly revise regulations concerned so that garbage cannot be transported via Hong Kong and garbage giving off a stinking smell in Hong Kong's waters will not occur again.

**Hong Kong: Qian Qichen Stops Over in Hong Kong En Route to Beijing**

OW2707123096 Beijing XINHUA Hong Kong Service  
in Chinese 1228 GMT 26 Jul 96

[FBIS Translated Text] Hong Kong, 26 Jul (XINHUA) — Qian Qichen, Chinese vice premier and concurrently foreign minister, and his retinue made a stopover in Hong Kong this afternoon on their way home from a trip abroad. Director Zhou Nan of the XINHUA Hong Kong Branch greeted them at the airport. After a brief rest at the XINHUA Hong Kong Branch, Vice Premier Qian and his entourage departed for Beijing by plane.

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